

The NATIONAL UNDERWRITER

SOUND STOCK COMPANY INDEMNITY

Stock fire insurance as an institution has met every emergency and catastrophe which has visited this country. Stock fire insurance has been elastic enough to relieve the business interests of this country of every conceivable risk which changing conditions have developed. We refer to War Risks, Strike and Riot, Explosion, Hurricane and Earthquake. Stock fire insurance is a business stabilizer and shock absorber. Stock fire insurance wears well and serves well.

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ILLINOIS AGENTS CONVENTION

THURSDAY, NOVEMBER 25, 1937

Wings over New Guinea



(Photograph by courtesy of Mr. Richard Archbold and Times Wide World.)

● New Guinea (just north of Australia and part of the one-time "Cannibal Islands" groups) is one of the really wild frontiers of the world which has been only partly explored.

To penetrate further into this island territory the American Museum of Natural History recently sent out a scientific expedition, headed by Mr. Richard Archbold. Insurance on the plane pictured above, which was an important part of the expedition's equipment, was arranged by Mr. Page Hufty of Washington, D. C., under a policy written in New York through

the Aero Insurance Underwriters in the Royal-Liverpool Groups. The plane, while moored, was wrecked by a violent windstorm and the "Royal" paid a claim of \$57,000.

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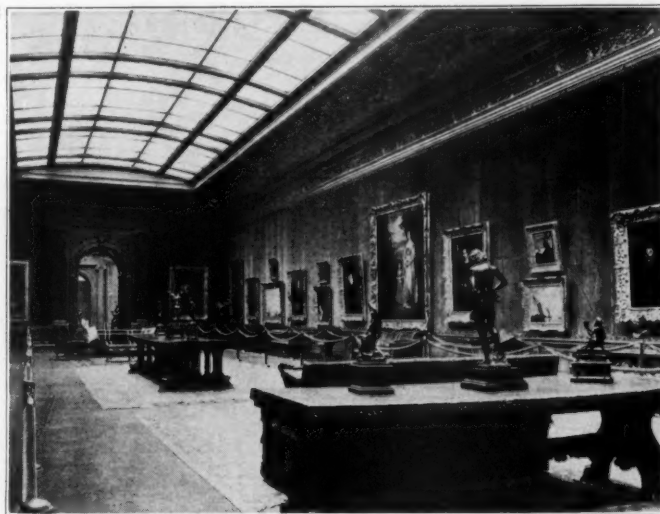
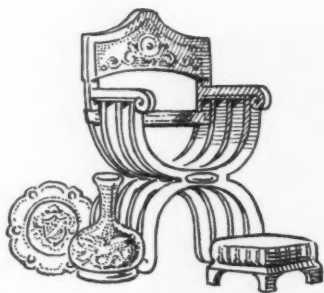
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This brief of the Fine Arts policy shows only one of the many facilities offered by the aggressive inland marine departments of these two companies.

There is a great demand now for the broad coverages granted under inland marine forms. Assured will appreciate your calling attention to this broad coverage service.

*Write these agency minded companies for
further information.*

PROVIDENCE WASHINGTON
INSURANCE COMPANY OF PROVIDENCE, RHODE ISLAND

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PROVIDENCE, RHODE ISLAND

INCORPORATED 1928

CAPITAL \$1,000,000.00

The NATIONAL UNDERWRITER

Forty-first Year—No. 47

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, NOVEMBER 25, 1937

\$4.00 Per Year, 20 Cents a Copy

Discount Threat of Nationalization of Insurance

Congress Counted on to Stop Such Extreme Move to Left

WASHINGTON—Forced to slow down his social program by circumstances over which he has lost control, President Roosevelt is seen in Washington as making a "detour to the right" but by no means abandoning any policy to which he has in the past committed himself.

Industry, facing the possibility of new tax and other impositions, a few weeks ago fell into a recession which threatened to develop into a new depression, forcing upon the administration the realization that the country can be pressed only so far and almost overnight bringing about a reversal of policy and suspension of plans for new and onerous industrial legislation.

In Precarious Position

The President today is in the most precarious position he has found himself since he took office in March, 1933,—a situation more serious than that of last spring, when the senate rejected his plan to pack the Supreme Court—at a time when members of Congress are becoming concerned with the 1938 congressional campaigns and, for practically the first time, inclined to desert the administration band-wagon if they believe it is facing a smash.

The new independence of the Congress already has been manifested in demands that industrial recovery be considered in advance of the President's legislative program, that tax relief be enacted immediately, the wage and hour bill made less burdensome or abandoned, and agricultural relief be based on a plan which will neither increase the cost of living nor be a drain upon the treasury.

Message to Congress

In his message to Congress at the opening of the special session, Mr. Roosevelt called for cooperation between the government and its citizens to combat the recession. He did not lay upon industry alone the burden of recovery but called for legislation by Congress which would result in accelerating the pace of business.

It would, however, be folly to believe that Mr. Roosevelt has given up any of those ideas which a few years ago formed the basis of his "New Deal." Ever an opportunist, he is seen as recognizing that any effort to secure from Congress further restrictions on "big business" is foredoomed to failure and has trimmed his sails accordingly.

But he is seen as merely waiting for the storm to blow over, again to bring forward his reforms when opportunity arises, and ready to try new experiments

(CONTINUED ON PAGE 28)

Eagle Star Opens Inland Marine Department

A. J. Hunneke Resigns North America Post to Take Charge of New Division

NEW YORK—Arthur J. Hunneke Dec. 1 will retire as marine production manager in the metropolitan department of the North America to assume management of the newly created inland marine department of the Eagle Star, which will begin operations Jan. 1.

Talbot, Bird Connection

The new departure, H. G. Casper, United States manager, points out, will have no bearing on activities of Talbot, Bird & Co., now and for some years past marine managers of the Eagle Star. Instead the branch will seek business through the agency plant of the company, which will be stimulated to solicit inland marine lines as well as the other branches agents have been writing.

Mr. Hunneke's Experience

Mr. Hunneke started in the underwriting field with the Brooklyn agency of A. J. Corsa & Son in 1925, aiding materially in developing inland marine business of the office. Subsequently he was associated in turn with the Royal and with W. H. McGee & Co., traveling extensively for the latter throughout the east, central west and south.

He will make headquarters at the Eagle Star's general office in New York City, devoting his entire time to posting special and local agents on inland marine coverages.

Western Commissioners to Bring Up Audit Issue

OLYMPIA, WASH.—Unless insurance commissioners of New York and one or two other states agree to the rule of the National Association of Insurance Commissioners for a convention examination of New York companies, Oregon and possibly other western and southern states may threaten to refuse licenses to New York companies. This matter will be threshed out at the forthcoming session of the commissioners.

Valuations Important Topic

Commissioner Sullivan of Washington expects that one of the important matters to be taken up will be the work of the valuation committee. The effect of the recent slump in Wall street will be studied.

Brownlow Salvage Manager

In connection with the revamping and reorganization of the Underwriters Salvage Company of Chicago, W. P. Forbush, who has been general manager for many years and has rendered excellent service, will retire from his position Jan. 1, but will remain in an advisory capacity. He is succeeded by Marvin Brownlow, who has been in merchandising and salvage activities at Springfield, Mo.

Asks Delay in Revision of Standard Fire Policy

Risk Research Institute, Mutual Savings Banks, Credit Men Address Commissioners

John G. Goetz, managing director Risk Research Institute, 50 Church street, New York City, has addressed the insurance commissioners stating that while the efforts of the subcommittee named by the National Association of Insurance Commissioners to propose revisions in the standard fire policy deserves appreciation, it is the feeling of many that the proposals so far recommended would not produce a contract which might be adopted in all or most of the states. Therefore, L. H. Pink, of New York, who is chairman of the committee, is urged by Mr. Goetz to continue the committee so that further thought can be given to the subject.

Savings Banks Also Act

R. B. McGaw, chairman of the insurance committee of the National Association of Mutual Savings Banks, has also addressed the commissioners, saying that it is in sympathy with the effort to develop a more uniform policy, a more simplified document, calling the old form "obscure and very misleading," and one that will be shorn of riders, but he doubts whether the proposals to be presented at the commissioners' meeting next week will have a very strong appeal nation-wide. He also urges that the subcommittee be continued for further study.

The New York Credit Men's Association through Secretary W. W. Orr sends to Superintendent Pink a resolution adopted by his organization as to the work of the committee on revision, asking for further time for study.

Urges Unhurried Study of New York Code Proposal

Managing Director J. G. Goetz of the Risk Research Institute of New York City has addressed Superintendent Pink of New York, saying that those commissioned to redraft the New York insurance laws have produced a remarkable document in the tentative act. All persons, he said, that have an interest in insurance have a serious responsibility in the matter. The work is voluminous. Mr. Goetz states that it does not seem possible to give proper attention to the subject and draft a code in time for introduction at the coming legislative session. He, therefore, suggests that more time be given for study of the code and also urges that further hearings be given. The New York Credit Men's Association has also asked that more time be given for study and deliberation.

Collision Parley in Indiana

The Indiana division of the American Finance Conference has scheduled a meeting in the Lincoln Hotel, Indianapolis, for Dec. 7-8 to discuss the automobile collision loss situation. Two or three weeks ago the parent organization had a meeting on this subject in Chicago.

Close Study Is Being Given Auto Collision Trend

Buck Passing Is Causing Confusion as to Underlying Causes

Because of the acute loss situation in the automobile collision line, executives and underwriters are earnestly searching the causes in an effort to prescribe a remedy. Various theories are being advanced and the truth probably consists of a composite of the various theories. There has been a good deal of buck passing. At the meeting of the American Finance Congress in Chicago the other day, some of the speakers representing the finance companies expressed the belief that loose adjustments on the part of inexperienced men are largely responsible.

The adjusters resent being charged with the responsibility, but they feel that it is beneficial to have this charge brought out in the open, because it may lead to fixing the responsibility where it belongs. The adjusters feel that the relations between finance company, automobile dealer and insurance company are such that frequently the adjuster can be little more than an errand boy. He is frequently not free to pursue a business like course, but is forced to follow instructions of the insurance company, which is under pressure from the finance company, which in turn may be under pressure from the dealer.

New Adjusters Employed.

Due to the fact in the past two or three years finance companies have been requiring purchasers to carry collision insurance as well as fire and theft, there has been a tremendous increase in the volume of collision insurance and a corresponding increase in losses. That has necessitated the employment of hundreds of new adjusters throughout the country. The adjusting organizations have been under pressure in this respect. They have had to train some men in a hurry, because the supply of experienced adjusters was limited. Of course they have not been able to pick winners 100 percent of the time but to condemn all insurance company adjusters handling collision losses is manifestly absurd and unfair. If the adjusters were permitted to go down the middle of the road and settle losses strictly on their merits, they could save much money. However, even under such an ideal situation, collision losses would still be a big problem.

Insurance people are gratified that the finance companies are taking an interest in the collision loss situation, even though they may be making some unfair accusations as to the cause. Until a few months ago finance companies were not the least interested in losses. They were not cooperative with the insurance companies. Now that they realize the seriousness of the situation and

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C. F. Thomas Gives Ringing Stock Insurance Message

C. F. Thomas, manager Western Underwriters Association, in addressing a meeting of the Insurance Board of Cleveland, gave an important stock fire insurance message. He emphasized the service of the National Board and Underwriters Laboratories, saying that these institutions are constantly improving and extending their services to property owners and to the general public.

The average fire insurance rate is more than 40 percent lower than it was at the beginning of the century, he observed. The average rate has decreased more than 20 percent in western territory since 1930. "On this record," he said, "modern stock fire insurance is in opposition to direct selling and the theory of insurance at cost."

Origin of Issues

Most issues that have arisen between companies and agents at the outset have concerned minor matters and questions of temporary or fleeting consequence, he said.

All classes of insurance companies paid in to Ohio last year \$6,429,000, he declared. Disbursements were \$179,155, leaving a net of \$6,250,000 to the enrichment of the general fund. Therefore, the institution of insurance renders an important contribution to the economic and social resources of the state, he declared.

"The shibboleth of capital stock fire insurance," according to Mr. Thomas, "is certainty of financial responsibility for its contracts. Capital and surplus contributed by stockholders, plus reserves accumulated, provide security in hand before liability is assumed. These funds await the call of matured liabilities and there is no possibility of a call to the policyholders for funds after maturity and before payment."

No Scandals Underneath

"There are no scandals of mal-administration of capital stock fire insurance company finances, no rigging of company stock or inside manipulation of funds to provide unearned rewards for management and, therefore, no situations exist which would invite or encourage investigation or overhauling by a government agency in the interest of policyholders or the public. This record is a splendid tribute to the executive and administrative management of the institution."

Western Underwriters Association, he recalled, about two years ago undertook to get a clear, constructive conception of the business before agents and before company men themselves. The story was received with interest because it had been overlooked or ignored for a generation, he said.

Met with Great Interest

There was a tremendous interest in the field and a special department of public relations was set up in the W. U. A.

The service of organization stock fire insurance, Mr. Thomas observed, goes far beyond fidelity to its contract holders. "Where else," he asked, "can individual property owners and municipalities look for and get models of safe construction, measurements and water supply, grading of fire protection, rules to insure safety in storing and handling explosives and specifications covering numerous other commodities and processes, all for the purpose of conserving life and property? What service could supplant the scientific standardization of protective devices and equipment developed and maintained by Underwriters Laboratories? These services are given without fee and at considerable cost to individuals and corporations, civil and

municipal authorities without regard to whether the use and benefit of the service is for insured or uninsured ownership."

"We believe," Mr. Thomas stated, "the coalition of organization capital stock fire insurance companies and local agency service can successfully meet every conceivable test of complexity and emergency of organized society and that they are equally inter-dependent and inseparable; that taken together they constitute modern stock fire insurance."

Halladay Indiana Manager

CINCINNATI—J. F. Halladay, who has been with the Western Adjustment in Cincinnati in charge of automobile claims, has been promoted to state supervisor of automobile claims at Indianapolis, a new position. Mr. Halladay has an extensive experience in the automobile business starting in sales and service work at Richmond, Ind. He has been with the Western Adjustment in Cincinnati since 1929. He is succeeded in Cincinnati by F. A. Conrad, who has been with the Western Adjustment two years. Lloyd Ficken, formerly with International Harvester and General Motors Truck companies, has been added to the Cincinnati staff.

War Risk Curtailment Is Imminent Marine Move

Marine underwriters are watching war developments closely because of increasing possibility of great loss if air raids should occur in some ports where tremendous values of insured shipments would be concentrated. E. D. Lawson, western marine department manager Fireman's Fund, told the Chicago Association of Credit Men this week in a talk sponsored by its foreign trade division.

There is a tendency, he said, to limit war risk insurance to cover not merely while the cargo is water-borne, but possibly for only a certain number of hours or days following arrival of a vessel. It may be virtually impossible within a few months to place war risks on shore, and even as to water borne risks there will be a limit of time following arrival of vessel at a port beyond which war risk cover will not attach.

Hazard Is Great

"Marine underwriters feel that they have a very necessary part in providing adequate insurance," he said, "but there are certain limits beyond which they can not go. It would be utterly foolhardy for an insurance company to expose itself to a liability which it might never be able to discharge. If war risk insurance were written freely, both water-borne and on shore, and one of the large seaports were destroyed, it is apparent that the resulting claims might

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Bicker Over Fees and Claims in M. L. U. Case

Some Seek Preference in Windup of Kansas City Reciprocal

KANSAS CITY.—The Swayne Lumber Company and West Side Lumber Company have filed an intervening petition in the Manufacturing Lumbermen's Underwriters case in circuit court asking that losses they sustained before the institution of proceedings against the defunct reciprocal last Nov. 12 be designated prior and preferred claims in the liquidation of MLU. The lumber companies intervene for other subscribers with losses before Nov. 12, who have not been paid.

Swayne sets out a loss of \$15,285; West Side a loss of \$39,939. These losses are prior and preferred to all other claims, excepting those for expenses of winding up the business of MLU, under Missouri statutes, the petition asserts. The intervenors want 6 percent interest.

Another Petition Filed

Another intervening petition has been filed. William Robertson, Kansas City attorney, asks for "intervenor," whom he does not name, a preferential treatment of a claim against the assets of MLU. This petition sets out that the intervenor bought four policies on or about Jan. 19, 1935; that he paid \$340 in premiums; that MLU wrote the policies at old line rates. However, under Missouri laws, the reciprocal was not authorized to write old line insurance. Consequently, the petition says, the policies were illegal and void and could not have been enforced by the intervenor. Hence, MLU became trustee ex malicio of the sums paid. The intervenor received nothing for his premiums, therefore, the court should decree his claim for returned premium a preferential claim.

R. E. O'Malley, through his attorneys, has filed a final report and accounting. Disbursements during the period in which O'Malley was in charge Nov. 13, 1936, to Oct. 20, 1937, totaled \$225,305.07. Time for filing claims against MLU has been extended from Nov. 16 to Jan. 16, 1938, upon petition of G. A. S. Robertson, new insurance commissioner.

Much Legal Bickering

There is considerable bickering with respect to applications for allowance of fees by the court. O'Malley has filed an objection to the allowance of fees to the law firm of Howell & Jacobs (Charles Howell and Floyd Jacobs). O'Malley asserts they are not entitled to anything since he was in charge of the reciprocal from Nov. 12 on, and that the firm did not represent the department, did not bring any assets within jurisdiction of the court. Howell & Jacobs actually represented certain subscribers, individuals, therefore, they must look to them for payment of fees, or to Vincent Coates, "alleged" attorney-in-fact for the reciprocal, whom the firm represented. O'Malley further contends the court has no jurisdiction to grant Howell & Jacobs any fees out of MLU assets.

James M. Pendergast and Jules E. Kohn, attorneys for the Pearl, Monarch Fire, Eureka Security F. & M. and National F. & M., also have filed a petition in which they object to allowance of fees to Howell & Jacobs. The petition asserts that the companies have

(CONTINUED ON PAGE 29)

THE WEEK IN INSURANCE

Some business organizations appeal to insurance commissioners to delay any action on revision of standard fire policy until more study can be given to it. **Page 3**

Recent predictions made over the radio and in confidential Washington letter to business men that the danger of nationalization of railroads, utilities and insurance exists is heavily discounted by insurance people. **Page 3**

Arthur Waller is retiring as U. S. manager of Royal Exchange group and is being succeeded by E. W. Elwell. **Page 8**

Cleveland Insurance Board hears distinguished speakers. **Page 5**

The Ohio Association of Insurance Agents issues a bulletin to the effect that submitted fire and casualty agency contracts are not necessary under the social security law. **Page 5**

War risk coverage curtailment in near future predicted by E. D. Lawson, Fireman's Fund western marine manager, in talk before 26 club at Chicago. **Page 4**

Much bickering is taking place over claims and fees in connection with the wind up of the defunct Manufacturing Lumbermen's Underwriters. **Page 4**

Writing of furriers customers business in Wisconsin is being discontinued upon order of Inland Marine Underwriters Association, following drastic ruling by Commissioner Mortensen. **Page 5**

London Lloyds is arranging to deposit \$350,000 in Kentucky and to start writing direct business there about Dec. 1. **Page 10**

The Chicago Insurance Club is being revived as an educational institution. **Page 14**

Pacific National Fire of San Francisco will open new eastern department offices in the Drexel building, Philadelphia, next Tuesday. **Page 16**

Program is announced for the annual meeting of the agricultural committee of the National Fire Waste Council. **Page 6**

W. H. Jennings, Jr., of Rockford, Ill., is elected president of the Illinois Association of Insurance Agents. **Page 21**

Eagle Star opens inland marine department with A. J. Hunneke in charge. **Page 3**

New Jersey public insurance plan is outlined by L. E. Falls at Illinois agents' meeting. **Page 23**

W. Herbert Stewart of Chicago, retiring president of the Illinois Association of Insurance Agents, makes observations on the work of his administration. **Page 21**

Much interest is taken by insurance men on the probable settlement of the London Lloyds issue in Illinois under the new insurance code. **Page 31**

Casualty Actuarial Society holds annual meeting in New York. **Page 31**

Liberty Mutual president discusses cost-plus workmen's compensation. **Page 32**

Occupational auto rating plan held in brief filed with Illinois department by American Automobile to be superior to and less discriminatory than present method. **Page 33**

Leon S. Senior, president Casualty Actuarial Society, discusses the subject of workmen's compensation in his presidential address. **Page 31**

Minority report filed in Commonwealth Mutual Liability investigation, strongly endorses the course taken by Commissioner DeCelles and severely criticizes the action of Frank Cohen. **Page 33**

Actuary recommends localizing compensation rating for states and industries. **Page 34**

Difficulties with the Missouri insurance department over objectionable provisions in accident and health policies are settled amicably. **Page 32**

Lumbermen's Mutual Casualty celebrates its 25th anniversary in Chicago with a brilliant banquet. **Page 32**

New Illinois Casualty & Surety Field Men's Club holds its first annual meeting and elects W. R. Purtell president. **Page 30**

Revision of fire insurance rates in Colorado after review of a five-year period will bring about a reduction. **Page 40**

Ohio Agents' Body Gets a Ruling on Agency Contract

Officials Visited the Commissioner of Internal Revenue and Report Results

The Ohio Association of Insurance Agents has taken a militant stand regarding agency contracts submitted by fire and casualty companies. It will be remembered it issued a bulletin to its members recommending that they do not sign the proposed fire insurance contract that was ratified by the National Association of Insurance Agents in conference with company representatives.

A new bulletin has been issued in which it states that for some time several companies have been telling the agents that certain printed forms of contracts must be signed and that those agents who do not sign them will be held to be employees within the meaning of the social security act and that they will have to pay the tax imposed under the act upon employees, and that these companies will have to pay the taxes imposed on employers.

Findings Are Announced

Secretary John A. Lloyd and General Counsel P. R. Gingham of the Ohio association, after conferring with President Austin McElroy, paid a visit to Washington, D. C., to consult with the Bureau of Internal Revenue as to these contracts and their relation to social security. They have returned and their findings are announced in a bulletin as follows:

1. The Bureau of Internal Revenue has not approved any blank form of contracts, and it will not approve any blank form of contracts.

2. The Bureau of Internal Revenue has not said that written contracts are required to make an agent an independent contractor and to keep him from being an employee.

3. The Bureau of Internal Revenue says that it has not required written contracts, that it will not require written contracts; and that it has no

(CONTINUED ON PAGE 16)

End Writing of Furriers' Clients Line in Wisconsin

Unequivocal Ruling of Mortensen Causes I. M. U. A. to Ban Certifications After Dec. 1

The executive committee of the Inland Marine Underwriters Association has now decided that effective Dec. 1, no further certifications on personal fur policies shall be issued in conjunction with furrier's customer's custody policies issued to furriers or fur stores in Wisconsin.

This action was taken in view of the ruling that Commissioner Mortensen made recently concerning the writing of fur business. It seems to be an airtight, specific ruling that leaves no loop hole for the writing of furriers customers business.

In his ruling Mr. Mortensen said he had discovered certain discrepancies in the writing of fur business. For instance, he said, dealers have been issuing personal fur floaters to customers at a lesser cost than the regular insurance agent is able to charge. The \$5 minimum charge applicable to agency business does not apply on dealer written business.

Buy for 50c, Sell for \$2

Dealers get the cover from the insurance companies at 50 cents per \$100, according to Mr. Mortensen, and were accustomed to sell the certificates for as high as \$2 per \$100. The dealers, under the Wisconsin law, are acting as agents, but have not been licensed.

Mr. Mortensen ruled that no fur dealer may be allowed any compensation from the insurance premium collected by him unless he has an agent's license. There must be no discrimination in rates or minimum premium as between agency business and dealer business and the rates shall be filed by the proper actuarial bureau.

Fur policies issued by the dealer may not be endorsed to permit personal coverage of customers while the goods are not in the custody or control of the furrier.

Statement in Certificates

Under the ruling all certificates shall show the amount of liability, rate and entire amount collected of the assured and shall be sent through the audit bureau.

Insurers applying for agency license for fur dealers shall state the length of time these dealers have been acting as agents without license.

Taking cognizance of Mr. Mortensen's

New Chairman



EDWIN A. OLSON, Chicago

President E. A. Olson of the Mutual Trust Life of Chicago becomes chairman of the insurance division of the Illinois chamber of commerce, which has become one of the most important features of this state organization. The division was stimulated into the potent and progressive activity by Chairman H. A. Behrens of the Continental Casualty, who acted as its chairman, and the good work was continued by his successor, President James S. Kemper of the Lumbermen's Mutual Casualty. The new president is a forceful character. He was formerly United States district attorney at Chicago.

ruling the directors of the Milwaukee Board of Fire Underwriters have adopted a resolution to the effect that the appointment of any fur dealer as an agent for the writing of insurance including the risk of fire, would be a violation of the by-laws of the Milwaukee Board. The assistant secretary is instructed to bulletin every stock company writing fire business in the county of Milwaukee advising the adoption of this resolution.

HiWay Automobile Underwriters, David Stott building, Detroit, has been incorporated by Paul H. Schulz, Florence L. Schulz and Frank M. Chandler, and **Frank E. Foster, Inc.**, 12504 East Jefferson avenue, Detroit, by Mr. Foster.

Stock System Has Notable Record As Big Builder

C. D. McVay of the Ohio Farmers, C. F. Thomas and W. L. Falk at Cleveland

CLEVELAND.—Three prominent speakers carried the theme of "Servicing and Selling Stock Fire Insurance" to a successful conclusion at the monthly meeting of the Insurance Board of Cleveland. Over 300 were present, including out-of-town agents, field men and buyers of insurance.

Three Notable Speakers

The speakers and their subjects were: C. F. Thomas, manager Western Underwriters Association, Chicago, "Modern Stock Fire Insurance"; C. D. McVay, executive vice-president Ohio Farmers, "The Stock Plan and the American Agency System," and W. L. Falk, superintendent Royal-Liverpool group, New York, "Consumers Cooperatives." Those at the speakers' table, in addition to the three speakers, were S. J. Horton, secretary Insurance Board of Cleveland; Park Kimball, secretary northeastern district of the Ohio Association of Insurance Agents; Guy Wells, chairman northeastern Ohio district Ohio Association of Insurance Agents; Eugene Davis, past president Insurance Board of Cleveland; D. E. Herren, president Insurance Board of Cleveland; R. G. Little, president Lorain County Insurance Association; John A. Davis, president Insurance Board of Summit County, and Custer Snyder, secretary Lorain County Insurance Association. Field clubs cooperated in the meeting.

Mr. McVay's Address

Mr. McVay said that insurance is an integral part of the economic whole which constitutes business, commercial and professional life. It cannot be set apart. Corporate insurance operating on the stock or guaranteed premium plan takes its stand squarely on and with the American system of free capitalistic enterprise in a free society. The fire and casualty business, Mr. McVay said, has developed along three lines. It has furnished the protection necessary to the

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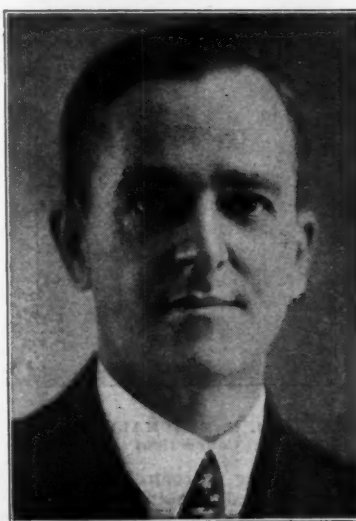
INSURANCE COMMISSIONERS SOON TO MEET



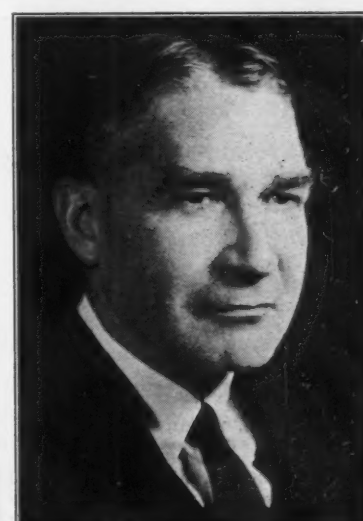
GEORGE A. BOWLES, Virginia
President



S. L. CARPENTER, JR., California
Vice-President



JESS G. READ, Oklahoma
Secretary



L. H. PINK, New York
Chairman Executive Committee

Program Is Announced for Agricultural Meeting

National Fire Waste Council Section Will Discuss Rural Protection

At the forthcoming meeting of the agricultural committee of the National Fire Waste Council, affiliated with the U. S. Chamber of Commerce, at the Stevens Hotel in Chicago Dec. 2, there will be reports of the various committees. There will be an opportunity to discuss the development of new projects for reducing farm fire waste. For example, the project of organizing rural communities for fire control will be taken up and material prepared for use in this work will be reviewed.

D. C. Smith, executive special agent farm department, America Fore at Chicago, who has been vice-president and succeeds Ira D. Goss, farm department manager of the group as chairman, will preside. The personnel of the committee includes representatives from the agricultural colleges, rural youth organizations, rural press, radio, state and federal departments, fire insurance organizations and manufacturers.

In addition to the reports the following addresses will be given:

"The Nebraska Plan for the Extension of Fire Protection to Rural Communities," by H. M. Davis, Nebraska state fire marshal.

"A Statistical Study of Farm Fires," by Prof. Henry Giese, Iowa State College.

"The Development of Rural Fire Protection in Recent Years," by Percy Bugbee, National Fire Protection Association.

Insurance Commissioners' Next Annual Meeting

The executive committee of the National Association of Insurance Commissioners at its meeting in the Pennsylvania Hotel, New York City, next week will undoubtedly decide on the place of the annual convention. It is stated that a number of the Virginia insurance companies and agents are anxious to have the annual meeting at Richmond in view of the fact that Com-

Irving Williams' Story of Indiana Agents Meeting

In the story of the Indiana Association of Insurance Agents annual convention reported by Irving Williams, editor of "Rough Notes," there was interpolated a paragraph from another publication with which Mr. Williams had no connection. The paragraph put in stated that the Indiana association would sponsor a measure before the next legislature to require that only attorneys may adjust insurance claims. Mr. Williams states that this has no foundation whatever. No such resolution was even considered by the directors or at the open meeting. It appeared in the New York "Journal of Commerce" as a dispatch from Indianapolis. Secretary J. W. Stickney of the Indiana Association of Insurance Agents says that for many years some attorneys in the legislature have suggested such legislation for selfish reasons but the Indiana association has always opposed such a bill and it would oppose such in the future. Mr. Williams has been considerably embarrassed by this paragraph which appeared under his name. It was put in by the copy reader who had before him also the "J. of C." article and believed Mr. Williams had omitted it by mistake.

missioner Bowles is president. There is a movement on part of the insurance interests of Salt Lake City to have the convention there. Then it has been suggested that Chicago would be the logical place to hold it.

Launch New N. C. Company

The Southern Insurance Company, Wilmington, N. C., has been chartered by John S. McEachern, Jr., Mary W. McEachern and G. P. Corbett, with authorized capital of \$50,000.

The Fred W. Arnold Insurance Agency, Bellefontaine, O., will hereafter be known as the John R. Hare Insurance Agency. It is composed of Mr. Hare, Fred W. Arnold and O. L. Johantgen.

The Mid-Southern Insurance Agency, St. Louis, has been incorporated by E. M. Meyers, St. Louis; D. J. Graham and D. R. Gradman, Louisville.

Two Losses to Hybrid Seed Corn Point to New Hazard

Concentration of Values Involved Running as High as \$400,000—Peril Seen in Drying

Recent losses to hybrid seed corn near Galva, Ill., and near Champaign, Ill., have focused attention of underwriters on this comparatively new source of premium income and on the unusual hazards involved. The development of hybrid corn has been stimulated by the government crop reduction program. This corn is supposed to produce a crop of 80 bushels per acre on the average, and it is supposed to endure dry weather better than ordinary corn and to stand up against windstorms.

This hybrid corn is selling at from \$8 to \$11 per bushel. Values are being concentrated. For instance the Pfister Seed Company at El Paso, Ill., one of the largest producers, has a warehouse of 50,000 bushels capacity. At \$8 per bushel, that means there is a \$400,000 exposure if the warehouse is full.

The dryer presents quite a hazard, underwriters believe.

Hybrid corn that has been exposed to smoke or heat from a fire, can be fed to sheep, but that is its only value, observers say.

Not in Farm Manual

These risks do not fall in the farm manual. They are rated by the inspection bureaus. Some observers who formerly felt that these were good risks and offered a good production opportunity, now believe that a \$4 rate is about the lowest that can be safely charged and that a \$2,500 line on an unprotected risk and \$5,000 on protected is enough for the average company to retain net. Some of the farm mutuals are reported to be competing for this business at rates far below those that are published. For instance there is one risk for which the inspection bureau published a rate of \$2.85. One of the mutuals offered to write it for 57 cents.

Not only are there high values involved and the usual hazard of the dryer, but some believe that there is the possibility of moral hazard. It is

(CONTINUED ON PAGE 20)

Lively Sketches at Testimonial to C. F. Liscomb

The testimonial dinner in honor of Charles F. Liscomb, president National Association of Insurance Agents at Duluth by the "home folks" was a great success. Those back of the movement were the Duluth Association of Insurance Agents, Minnesota Association of Insurance Agents and the field men. One of the features was a one act drama entitled "Lucky Liscomb or We Demand a Recount." The place was Dallas and the time was in October. The cast was as follows:

W. H. Bennett, impersonated by.....
E. B. Dunning
W. B. Calhoun, impersonated by.....
P. J. Laugen
Geo. A. Sprague, mayor of Dallas.....
Thomas Walker
W. H. Menn.....Harman Gilbert
Chairman of resolutions committee.....
Harry Cheadle
Chairman of nominating committee.....
F. S. Preston.....John Nansen
Owen Wilson.....Bert Wheeler
Mrs. Wilson.....Ted McKenzie
Allan I. Wolff.....J. W. Anderson
Eugene Harrington.....C. H. Dunning
Escort.....E. C. Huhnke
C. F. Liscomb.....Himself

Field Men's Sketch

The Minnesota Fire Underwriters Association, a field men's organization, put on a dramatic sketch, depicting Mr. Liscomb's life while he was attending school at Aitkin, where he resided before going to Duluth. The city officials such as the mayor, superintendent of schools and some of the local celebrities were taken by members dressed in appropriate costumes.

There were many telegrams and letters received from Mr. Liscomb's friends throughout the country. J. R. Zuger presented the toastmaster and E. C. Huhnke of Duluth, president Minnesota Association of Insurance Agents, presided and gave the welcome. The Ritz troupe gave the "Liscomb Follies of 1938." Mr. Liscomb was presented a handsome Gladstone bag. There were no serious talks and the affair was conducted in a spirited, lively manner. The presentation address was by P. H. Ware of Minneapolis, secretary Minnesota Association of Insurance Agents.

H. C. Leavens, assistant superintendent of agencies, Travelers, attended the testimonial dinner.

Among those attending the function were Clyde Edmundson, agency superintendent America Fore, and J. M. Clark, executive special agent New York Underwriters, both of Chicago.

Important Fire Protection Conferences Will Be Held

The National Fire Protection Association committee on farm fire protection, of which Dr. David J. Price is chairman, will meet at the Hotel Stevens in Chicago, Dec. 1, and will consider the N.F.P.A. standards for rural fire apparatus, model legislation for the establishment of rural fire departments and other important matters.

On Nov. 30 the N.F.P.A. Fire Marshals Section will hold an informal conference of the middle western fire marshals who will be in Chicago in connection with the meeting of the N.F.P.A. committees. On Dec. 2 will be a meeting of the agricultural committee of the Fire Waste Council, U. S. Chamber of Commerce, which cooperates in publicizing the technical findings of the N.F.P.A. committee.

Joins the Allied Fire

Arthur D. Suttles has been made assistant general manager of the Allied Fire of Utica, N. Y. He began his insurance career in a Indiana local agency. For the past four years he was with the Mutual Reinsurance Bureau at Belvidere, Ill.

AUTOMOBILE FINANCE PRACTICES UP



J. M. McCORMACK
Tennessee

Commissioner J. M. McCormack of Tennessee, who is chairman of the special committee of the National Association of Insurance Commissioners appointed to investigate improper practices of automobile finance companies in re-



J. C. BLACKALL
Connecticut

gard to selling or controlling of insurance, has called a meeting of his committee the morning of Nov. 27 at the Pennsylvania Hotel in New York City at 9:30 o'clock. Commissioner McCormack asks that any briefs or material on



R. L. BOWEN
Ohio

the subject should be sent to him at the Pennsylvania Hotel. The other members of the committee are Commissioners Blackall of Connecticut and Bowen, Ohio. This will be the opening gun of the commissioners' meeting.

ADVERTISING SERVICES AVAILABLE TO "AMERICA FORE" AGENTS

THE COMPANY is interested in your advertising efforts in order that your agency grow and become more successful and secondly that your effort on your part means a corresponding increase of business.

When preparing for agency use such forms of advertising as have been proved to be most practicable and acceptable. It has been found that most agents prefer the "direct mail" type of advertising with a well rounded choice to suit individual requirements. Advertising your "America Fore" company makes available a wide variety of pieces in different sizes on all the important coverages, safety material, blotters, newspaper mats, sales letters, advertising such as booklets on stock insurance and fire insurance, and summaries, signs and advertising display material. Selection on which to plan its size or scope. If town agent



regarding
select the

"AMERICA FORE" ADVERTISING AND BUSINESS BUILDERS —THE EXCLUSIVE USE OF OUR AGENTS— ADVERTISING *our advertising*

Another illustration of how America Fore service helps their agents build better business is the twenty four page advertising booklet shown here.

It's value lies in the many constructive suggestions for agency advertising and sales promotion co-related with the material provided.

America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,



and Indemnity Group

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President
FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

NEW YORK

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INSURE ON PRESENT DAY VALUES

Since 1933 the average cost of building materials and labor has increased country-wide approximately

30%

Fire Association of Philadelphia

ESTABLISHED 1817

Lumbermen's Insurance Company

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The Reliance Insurance Company

ESTABLISHED 1841

**Philadelphia National Insurance
Company**

**Head Office, 401 Walnut Street
Philadelphia**

**OLD LINE STOCK FIRE, MARINE AND
AUTOMOBILE INSURANCE**

E. W. Elwell to Take Helm for Royal Exchange

**Will Succeed Arthur Waller
as United States Manager
Jan. 1**

NEW YORK—Arthur Waller is retiring on Jan. 1 as United States manager of Royal Exchange and is being succeeded by Edward W. Elwell, who is now assistant manager. Mr. Elwell will also succeed Mr. Waller as United States manager of Car & General and State Assurance and president of Provident Fire of New Hampshire.

At the same time William B. Kelly and Charles Smith will become assistant United States managers of Royal Exchange, Car & General and State Assurance and vice-presidents of Provident Fire. John P. Bolten becomes branch secretary of Car & General.

The changes were arranged by General Manager Alexander MacDonald of Royal Exchange and General Manager W. A. Hurst of Car & General during their recent visit to this country.

Waller Royal "Ex" Man Since '00

Mr. Waller entered the service of Royal Exchange in 1900 as reinsurance clerk. Previously for a few years he was connected with the Lancashire. With Royal Exchange he served as examiner and later as superintendent of agencies. In 1919 he became assistant United States manager and in 1935 U. S. manager, succeeding Gayle T. Forbush.

Mr. Waller is a man of retiring disposition and did not participate aggressively in general affairs of the business. He is regarded as a conservative and sound underwriter and is endeared to his own organization and is esteemed by the field force because of his considerateness. He expects to pass the winter months in St. Petersburg, Fla. His home is in Glen Ridge, N. J.

New Manager's Career

Mr. Elwell was transferred from the head office of the State Assurance at Liverpool to the United States branch in 1933. In Liverpool he had been assistant secretary of the State. He graduated from Haileybury College, near London, and is a member of the English bar. Since he has been in this country he has familiarized himself with conditions through extensive travel, has formed acquaintances and has proved popular. He is a young man who should make his mark in the business.

Seek Sit-Down U. & O. Recovery

The Emerson Electric Company of St. Louis recently issued a statement to stockholders that it had filed a claim with insurance companies for \$243,000 under its use and occupancy policy for loss incident to the strike of its employees last spring. The insurers have denied liability. The U. & O. policy was in the amount of \$2,000,000. Apparently there was no physical damage done. The sit-down strike started on March 8 and continued for about two months. The officers were excluded from the plant. The line was handled by the Bryan, Williams, Cave & McPheeters agency of St. Louis.

The Abendschoen Insurance Agency, Marietta, O., has been sold to A. J. Jolley. At Gambier, O., the Charles A. Benedict Insurance Agency has been sold to U. S. Lybarger.

James G. Lowe, local agent at Bryan, O., has taken his son, Robert Lowe, into business with him.

C. H. Clancy has resigned as president of the Nebraska Mutual of Omaha and will devote his time to other business.

Atlanta Agency Gives Its Creed For Operation

The potent local agency of Spratlin, Harrington & Thomas of Atlanta, Ga., is celebrating its 25th anniversary, the members of the firm being W. Eugene Harrington, former president National Association of Insurance Agents; Frank M. Spratlin and W. Julian Thomas. In a brochure issued by the firm it acknowledges that when it started it was the smallest Atlanta agency, producing \$20,000 during the first year, when it had office space in a single small room and wrote all the policies sold each day. Now its premium income reaches \$750,000 a year and it is one of the outstanding agencies of the south.

Principles Are Enunciated

The firm states that on its organization in 1912 it determined the principles on which its business should be conducted. They were:

"Ethical standards in our relationship with our clients, our companies, our competitors and our employees.

"The representation of only companies of demonstrated financial and loss-paying integrity.

"The building of a well-rounded organization to personally serve our clients with insurance contracts properly drawn to fit the risk assumed; to provide engineering service to assure proper application of rating schedules; to reduce the cause of loss, and to adequately service and honestly pay claims."

Results of Hail Writing Season Being Studied

Hail premiums in western department territory of the companies belonging to the Western Hail & Adjustment Association were \$4,300,000 for the 1937 season, it was reported at the meeting of the advisory committee of the Western Hail, which was held in Chicago for three days. The premiums for the 1936 season amounted to \$2,500,000. The 1937 loss ratio was about 46 percent.

A few recommendations for rate changes are being made by the advisory committee to the executive committee which meets in Chicago, Dec. 7. Some rate increases are being recommended for certain territories in Nebraska that have had a very bad experience. The meeting was attended by about 50, half of whom were representatives of the Home who were in the city for a dinner given by President H. V. Smith. No radical changes are being recommended.

SOUTHEASTERN MEETING HELD

The Southeastern Hail Conference held its annual meeting in Greensboro, N. C., Tuesday, with 50 representatives of companies in attendance. H. E. Emerson, Atlanta manager Rain & Hail Bureau had charge of the meeting as president. The premium income of the companies on this class doubled the past season, but losses increased fourfold. The report indicated a bad year. Officers were reelected. M. Stockton, Hartford Fire, is vice-president, and P. W. D. Bush, Dixie Fire, secretary.

COAST CONFERENCE DEC. 1

The annual meeting of the Pacific Coast Hail Conference is being held in Spokane, beginning Dec. 1. Among those who are expected to attend are these Chicagoans: J. K. Nelson, hail manager America Fore; S. K. Bjornson, assistant manager Rain & Hail Bureau, and T. G. Dahl, hail manager Great American.

PUBLIC ENEMY NO. 8..

ROBBERY!

Robbers have preyed upon the thrifty since history began. Insurance is the only certain way to recover financial loss from robbery, theft or burglary.

COMMON ENEMIES
TO GUARD AGAINST

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|------------------------|---------------------|-----------------------------|
| 1. Fire | 6. Damage Claims | 12. Falling Aircraft |
| 2. Motor Accident | 7. Burglary | 13. Explosion |
| 3. Windstorm & Tornado | 8. Robbery | 14. Riot or Civil Commotion |
| 4. Personal Accident | 9. Lightning | 15. Earthquake |
| 5. Sickness | 10. Marine Disaster | 16. Forgery |
| | 11. Railroad Wreck | 17. Dishonesty |

LOYALTY GROUP

Firemen's Insurance Company of Newark, New Jersey—ORGANIZED 1855

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| The Girard Fire & Marine Insurance Co. ORGANIZED 1853 | Milwaukee Mechanics' Insurance Company ORGANIZED 1852 |
| The Mechanics Insurance Co. of Philadelphia " 1854 | National-Ben Franklin Fire Insurance Co. " 1866 |
| Superior Fire Insurance Company " 1871 | The Concordia Fire Insurance Co. of Milwaukee " 1870 |
| The Metropolitan Casualty Insurance Co. of N.Y. " 1874 | Commercial Casualty Insurance Company " 1909 |

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and
EASTERN DEPARTMENT
10 Park Place
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FIRE

MARINE

CASUALTY

SURETY

RATES
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4



Confidence

The confidence a client has in an Agent is nurtured by the quality of the service he receives.

The quality of an Agent's service depends fundamentally on the facilities of the Company, and, of course, its financial strength.



PHILADELPHIA FIRE and MARINE INSURANCE COMPANY

HEAD OFFICE: 1600 Arch St., Philadelphia, Pa.

NEW YORK OFFICE: Central Fire Agency, Inc.
92 William Street, N. Y. C.

CHICAGO OFFICE: 209 West Jackson Boulevard

SAN FRANCISCO (Fire) 425 Montgomery St.

OFFICES: (Marine) 231 Sansome St.



Missouri Court Refuses to Ignore Compromise Pact

Will Include O'Malley Agreement in Its Consideration of Rate Case Issues

The fire companies interested in the rate case before the Missouri supreme court have filed an answer, challenging the right of Superintendent Robertson to withdraw from the compromise agreement that formed the basis for the dismissal of the cases in the federal court. The companies contend that the compromise agreement is a valid and binding contract and is "not the subject of adverse determination" by the state supreme court.

At the instance of Governor Stark, Robertson filed a motion in the supreme court asking leave to withdraw the stipulation previously filed by former Superintendent O'Malley against the companies, requesting the supreme court to approve the compromise.

The companies' answer states that Robertson filed his motion "only by reason of a coercive request from the governor and not because Robertson or his counsel believe it ought to be done."

The answer states that the governor has no right of review, supervision or veto by statute or otherwise of the acts and orders of the superintendent. The mere desire of the governor that the motion and stipulation for decree filed in this case should be withdrawn and the case argued on the merits is not sufficient in law or in equity to warrant the withdrawal and discard of the stipulation and motion for decree.

The Missouri supreme court Tuesday overruled the motion filed on behalf of Superintendent Robertson requesting the court to ignore the compromise of the 16 2/3 percent rate increase litigation. The supreme court thereupon heard arguments in the original litigation.

The arguments were in connection with the companies' appeal from an adverse ruling by Circuit Judge Sevier who held they were not entitled to any part of the rate increase they put into effect on June 1, 1930, over the protest of former Superintendent Thompson.

The original case on its merits and the O'Malley compromise were taken under advisement by the court.

In denying the motion to withdraw from consideration of the compromise

Lloyds to Deposit \$350,000 in Kentucky and Will Open for Business There Dec. 1

LOUISVILLE—Following the news that Charles I. Brown, deputy commissioner Kentucky, would resign his post to become attorney-in-fact for Lloyds of London, it became known that Lloyds is planning to start operating in Kentucky about Dec. 1. It is understood Lloyds has arranged to deposit with the state \$100,000 covering the first line written and \$50,000 for each additional line, or about \$350,000 in all.

Lloyds plans to write all lines, probably other than plate glass, but will not be interested in the so-called bread and butter lines. Fire, casualty, bonds, auto, compensation, etc., will be featured, it is understood.

Mr. Brown still has considerable work in hand to be completed for the state, before he will be in a position to leave the department. It is understood the Lloyds office will be located at Frankfort, at least at the start of operations.

It is understood Lloyds have been discussing the matter of planting with some agents, but no appointments have been made, or can be made, until the deposits are up.

Representatives of Lloyds were in Frankfort the past week, going over various matters and getting things in shape to proceed with the Kentucky plans.

the court did not give any reasons. Nor did it indicate what disposition it will make of the motion filed last January by O'Malley and the companies, asking for approval of the compromise reached in May, 1935.

Apparently the court will consider the request for approval of the compromise as part of the case in chief.

Counsel for Robertson insisted there is a difference between the state case and the federal court cases, since the excess premiums in the federal cases were collected under the protection of a court injunction while there was no such injunction in the state case, the litigation being simply in the nature of seeking a court review of Thompson's order in rejecting the application for higher rates. He said the state court excess premiums collections were illegally made.

R. F. Atkins, independent adjuster of Los Angeles, died there following a long illness.

Important Royal Exchange Move

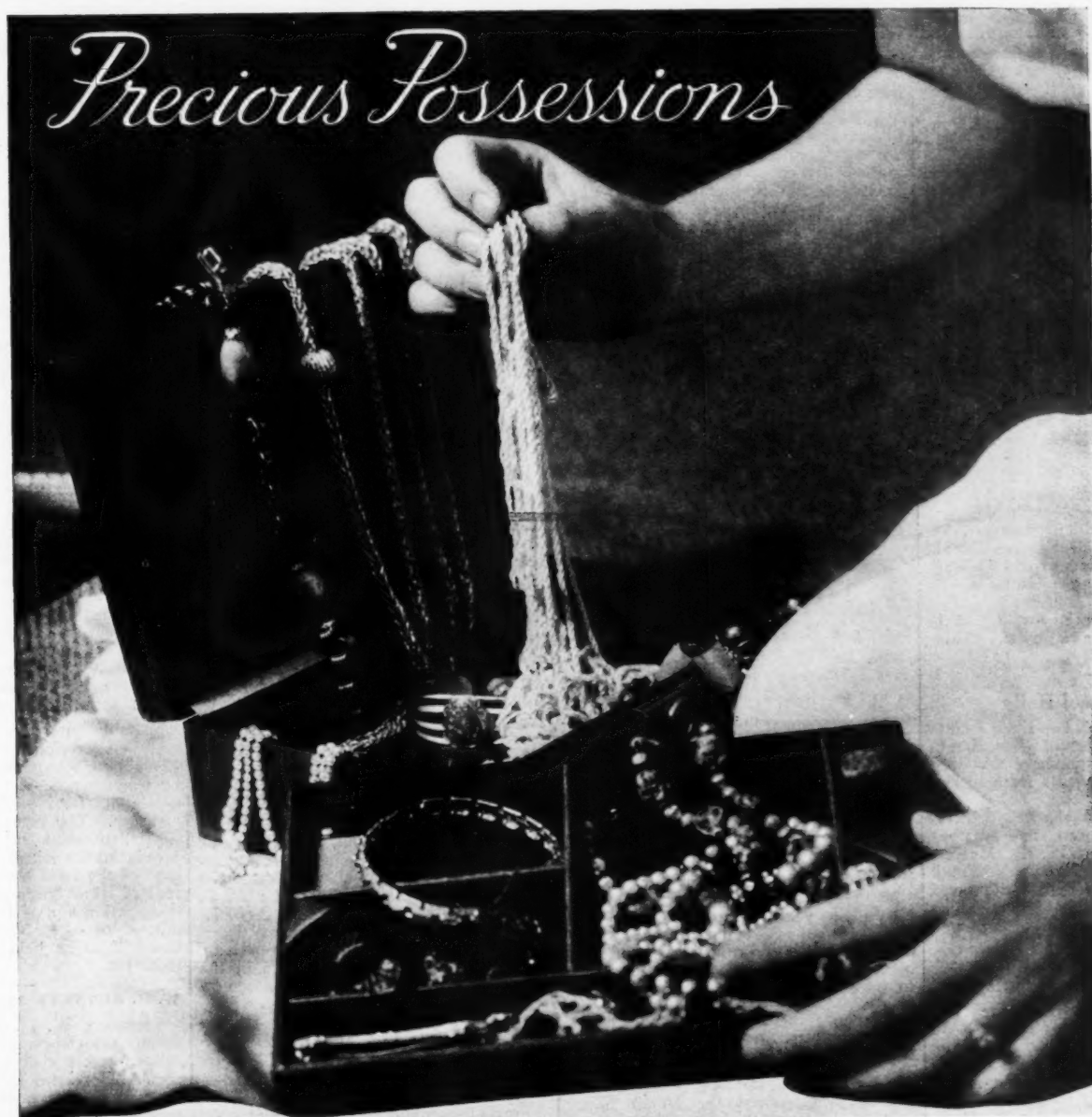


ARTHUR WALLER



E. W. ELWELL

On the first of the year a change is taking place in the United States management of the Royal Exchange group. Arthur Waller is retiring as United States manager, a position he has held since 1935, and his place is to be taken by E. W. Elwell, who came to this country from England in 1933 and has been assistant U. S. manager since that time.



What pleasure can the owners of these jewels derive from ownership unless they can enjoy its free and unhampered use. Jewelry is meant to be worn and perfect enjoyment is possible only when it is insured. Why not inform your prospects and clients about the broad cover and world-wide adjustment advantages of the **ALL RISKS PERSONAL JEWELRY POLICY** issued by the

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| <h2 style="text-align: center;">COMMERCIAL UNION GROUP</h2> | | | |
| <p>COMMERCIAL UNION ASSURANCE COMPANY, LTD. AMERICAN CENTRAL INSURANCE COMPANY COLUMBIA CASUALTY COMPANY THE PALATINE INSURANCE COMPANY, LTD. NEW YORK</p> | <p>THE CALIFORNIA INSURANCE COMPANY CHICAGO</p> | <p>THE OCEAN ACCIDENT & GUARANTEE CORPORATION, LTD. THE BRITISH GENERAL INSURANCE COMPANY, LTD. UNION ASSURANCE SOCIETY, LIMITED ATLANTA</p> | <p>THE COMMERCIAL UNION FIRE INSURANCE COMPANY SAN FRANCISCO</p> |
| <p>(STOCK COMPANIES)</p> | | | |
| <p>THESE COMPANIES WRITE PRACTICALLY ALL CLASSES OF INSURANCE EXCEPT LIFE</p> | | | |

NEWS OF FIELD MEN

Wilds Is Kentucky President

Fire Underwriters Association Holds Its Annual Meeting in Louisville and Elects Officers

LOUISVILLE—The Kentucky Fire Underwriters Association at its annual meeting here elected these officers: President, T. G. Wilds, Hartford Fire; vice-president, Emmett Kennedy, farm department Home; secretary-treasurer Paul Grider, North British (reelected). Members of the executive committee elected are Marshall Mellor, Home; R. L. Meeks, Fidelity & Guaranty Fire, and Wallace Smith, L. & L. & G. Hold-over members are G. C. Dick, National Union, and John Wharton, Westchester. Wallace Smith, L. & L. & G., retiring president, detailed the year's work, and more especially the activity of the field club in connection with the Business Development work, and cooperation between the field men and local agents of the state in Business Development programs.

Wallace Rodgers, Chicago, assistant secretary western Underwriter Association, and W. H. Riker, North America, Chicago, were the chief speakers, discussing the Business Development work.

C. R. Welborn, Underwriters Laboratories, showed moving pictures of its work.

A Blue Goose meeting was held in the afternoon, followed by a dinner dance in the evening.

Montana Educational Rally

MISSOULA, MONT.—The second Montana Special Agents Association educational meeting held here was well received by some 20 agents from in and around Missoula.

The meeting was in charge of J. W. Martin, Great American, and various topics were given by W. F. McKee, Home, Ray Culver, Fireman's Fund, John Pratt, Northern of London, and Meyer Burg, Commercial Union. The next meeting will be held at Billings, Dec. 2.

Shirley Heads Preventionists

At a meeting of the Iowa Fire Prevention Association in Des Moines, W. T. Shirley, state agent New York Underwriters, was named president to succeed R. W. Criswell, state agent Automobile, who is leaving to become state agent in Pennsylvania. John R. Hoff, North America, was named vice-president.

MacConnell with Northern

Ellwood MacConnell, who has been connected with the suburban division of the Middle Department Rating Association, has joined the Northern of London as special agent in Philadelphia suburban territory, southern New Jersey, Delaware and part of Maryland. His headquarters will be at 424 Walnut street, Philadelphia, and he will work under the direction of R. U. Sargent, who was recently placed in charge of the Northern's activities in the Philadelphia area.

Will Hold Meeting at Piqua

The Ohio Fire Prevention Association will inspect Piqua Dec. 1. Engineer H. K. Rogers of the Western Actuarial Bureau will be the principal speaker. City Manager Buechner will preside at the meeting.

Cosgrove Joins America Fore

J. M. Cosgrove, heretofore special agent in Connecticut and western Massachusetts for National Liberty, has joined America Fore as state agent in Connecticut. He will be associated with

State Agent W. P. Malloy with headquarters in Hartford. He succeeds J. M. Van Buren, who has been transferred to Philadelphia as manager. He is a former president of the Connecticut Field Club.

See Sprinkler Movies

NEWARK, N. J.—The Rockwood Sprinkler Company showed an interesting movie of new automatic apparatus for fire detection, closing of fire doors, sending of alarms, operation of sprinklers and other modern scientific arrangements following the dinner meeting of the New Jersey Field Club in Newark.

Prior to the dinner, the executive committee held a brief business session. W. H. Johnson, American of Newark, and Charles Ross, Factory Insurance Association, were elected members.

Frisbie Seattle Speaker

C. J. Frisbie, Seattle general agent New England Mutual Life, a widely-known speaker, will address the Nov. 29 meeting of the Seattle Blue Goose at Blanc's Cafe. The Dec. 6 and 13 meetings will be given over to motion pictures offered through the courtesy of Johns-Manville Co.

The pond will hold its annual Christmas hi-jinx party in the form of a dinner Dec. 20. Lloyd B. Beattie, Franklin Fire, is program chairman.

Georgia B. D. Committees

W. P. Willis, chairman of the Business Development committee of the Georgia Field Men's Conference, has

appointed two groups to handle matters in the state.

The north Georgia territory will be served by H. T. Powell, chairman; C. H. Adkins, H. M. Ladage, Ed Hollingsworth and Randolph Brooks.

South Georgia will be handled by Bockover Toy, chairman; J. C. Rousseau, R. H. Smith, Lewis Swann and Herbert Mell.

Arnold in Local Business

F. J. Arnold, who recently resigned as special agent in the fire and automobile department of the North America out of the Newark branch office, has opened an insurance and real estate agency at Canton, O., with offices in the Citizens building. He was with the company for 12 years.

Sacramento Puddle's Outing

The Sacramento puddle of the San Francisco Blue Goose has announced a golf tournament, ceremonial and dinner dance for Dec. 3. A number of field men and executives from the San Francisco district will attend.

Smoke & Cinder Club to Elect

PITTSBURGH—The annual meeting of the Smoke & Cinder Club will be held Nov. 29.

FIELD NOTES

Minoru Ino, attache of the Japanese consulate in San Francisco, presented his country's position in the China-Japanese dispute to the San Francisco Blue Goose.

Members of the Wisconsin Women of the Blue Goose were entertained at a luncheon in Milwaukee by Mrs. C. W. Hutchinson, wife of the state agent of the North British & Mercantile.

AS SEEN FROM CHICAGO

ALEXANDER & CO. CHARITY PARTY

The Chicago agency of W. A. Alexander & Co. is arranging its sixth charity card party Dec. 4, in the Skyline Club, 188 West Randolph street, in that city. Last year 125 boxes of food were delivered to needy families. Miss F. M. Corcoran is chairman of the arrangements committee. The proceeds all go to purchasing baskets of food for the needy.

W. H. POTTER BOSS GOLFER

W. H. Potter, Jr., Chicago manager of Phoenix of Hartford, was recently elected president of the North Shore Country Club at Glenview, Ill. The retiring president is also an insurance man, Herbert Lorber of the Rollins-Burdick-Hunter Company agency.

BROKERS PARTY DEC. 16

The annual "gold rush" party of the Insurance Brokers Association of Illinois will be held in the Sherman Hotel, Chicago, Dec. 16. Clark E. Nolan is chairman of the committee.

ORGANIZING FOR C. I. O.

Efforts to organize the office workers in the Insurance Exchange, Chicago, for the C. I. O. are being made. Circulars this week are being passed out at the entrance to the building inviting clerk to a mass meeting Nov. 29 at 185 North Wabash avenue by workers for Local No. 24, United Office & Professional Workers of America, C. I. O. The demands are listed as follows: (1) Security on the job; (2) an adequate salary; (3) seniority rights; (4) a decent office manager; (5) protection against speed-up; (6) time and one-half for overtime.

LIFE MEMBERS COMMITTEE

President E. S. Phelps of the Society of Life Members of the Fire Underwriters Association of the Northwest has appointed the executive committee as follows: J. R. Cashel, western manager Providence Washington; M. D.

Looney, general adjuster Hartford Fire at Chicago; C. J. Munn, manager Cook County Loss Adjustment Bureau, Chicago; Roy L. Nicholson, Wisconsin state agent Michigan F. & M.; A. F. Powrie, western manager Fire Association; Rollin I. Read, Cook county manager Crum & Forster; W. P. Robertson, general manager North America in the west; E. T. Tanner, executive assistant Security of Connecticut in the west; W. R. Townley, Chicago, treasurer Underwriters Salvage Co., and C. M. Cartwright, THE NATIONAL UNDERWRITER.

YOUNGBERG-CARLSON MOVES

Formal opening of its new offices in the Field building, Chicago, is to be held Dec. 4 by the Youngberg-Carlson Company, class 1 agency, which has heretofore been located in the Insurance Exchange. Its new office comprises 500 more feet of space.

A. C. Youngberg has been in the fire insurance business since 1910. He was first connected with the western department of Liverpool & London & Globe. In 1918 he entered the brokerage field. In 1920 he formed a partnership with F. A. Carlson. In 1930 the firm was incorporated with Mr. Youngberg as president. Other executives in the firm are now W. J. Patterson and E. F. Decker.

TWO HARTFORDS HAD EXHIBIT

At the Chicago automobile show, R. E. Baker, office manager of the western department of the Hartford Accident & Indemnity devised a booth that attracted very much attention, being in blue and silver in background and treatment. The Hartford Fire and Hartford Accident & Indemnity were both featured. These companies have an arrangement with the Western Union so that anyone can call up a Western Union operator and ascertain who is the local agent of the Hartford at any point. This is, of course, convenient where a policyholder needs service. The Western Union hook up was featured with

the telephones and with a Western Union operator at hand. Comfortable seats were provided for any at the show who desired to sit down. Hartford pencils were given to exhibitors and those connected with the show. Mr. Baker was in personal charge of the booth during the entire week.

The Allstate and Allstate Fire, Sears-Roebuck & Co. companies, had a booth as did the Lumbermen's Mutual Casualty. The Aetna Casualty & Surety device was incorporated in the National Safety Council exhibit.

CORONATION OF T. A. PETTIGREW

More than 100 turned out for the dinner of the Illinois Blue Goose in Chicago Monday evening to witness the coronation of T. A. Pettigrew, general manager Underwriters Adjusting, as golf champion of the order. For the past few years a tournament has been conducted in the summer and the presentation of the trophy to the winner has served as an occasion for a get-together at this time of the year.

The prize for the runner-up was presented to E. J. McDowell, America Fore, Chicago.

D. J. Harrigan, St. Paul F. & M., most loyal gander, introduced R. E. Vernor, Western Actuarial Bureau, and R. A. Kenzel, Wisconsin state agent Northern of London, who is grand wielder of the Blue Goose. Mr. Kenzel awarded the prizes.

J. E. Guy, automobile manager America Fore, chairman of the committee on arrangements, presented the master of ceremonies who conducted the floor show.

Underwriters Adjusting had 29 representatives on hand, Western Adjustment 22 and America Fore 21.

FIRE MARSHALS' MEETING

A mid-winter conference of the fire marshals section of the National Fire Protection Association has been called by Chairman S. V. Coultas, fire marshal of Illinois, for Nov. 30 in Hotel Stevens, Chicago. The meeting is called at this time because a number of state and provincial fire marshals will attend meetings of the farm fire protection committee of the National Fire Protection Association and of the agricultural committee of the National Fire Waste Council, to be held at the same place, Dec. 1-2.

W. H. BENNETT AT LAW BANQUET

Secretary W. H. Bennett of the National Association of Insurance Agents, following his visit at Rockford, Ill., to speak before the Illinois Association of Insurance Agents, stopped off on his return at Chicago to attend the banquet there in honor of the members of the Illinois supreme court tendered by the Illinois State Bar Association and the Chicago Bar Association. Mr. Bennett, a former attorney at Quincy, Ill., retains his membership in the Illinois Bar Association.

FOSTER SPEAKS TO EXAMINERS

W. S. Foster, who retired as associate manager of the western department of the North America last May, indulged in some interesting reminiscences at the meeting of the Fire Insurance Examiners Club of Chicago. He spoke on "A Half Century of Fire Insurance." It was managers' night, but the attendance of Chicago executives was somewhat reduced owing to the fact that the meeting of the Illinois Association of Insurance was on at Rockford, and a number of managers had gone there.

Mr. Foster contrasted today's methods of conducting the fire insurance business with those that were in vogue 30 to 50 years ago. He said there were almost no mechanical devices in use a half century ago, and described the laborious methods of doing business at that time. An interesting revelation was that Charles Lyman Case, for many years United States manager of the London Assurance, was the first field man appointed for the North America west of the Mississippi river, and his territory



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was designated as "west of the Mississippi river."

Mr. Foster said that coinsurance began to be agitated in the middle west about 1887. He traced the history of the standard fire policy. He said there is little hope for an absolutely standard policy being adopted by all of the states because there will always be some states that will want to make at least a few changes.

Mr. Foster told of the use of certificates in renewing policies. Prior to 1900, and even later than that, most companies did not issue a new policy at the expiration of an old one, but merely renewed the original policy by the issuance of a renewal certificate. Usually renewals occurred once in five years. Mr. Foster recited an interesting case of a policy issued in a Missouri town by the North America in 1871, and which has been renewed right up to this time by renewal certificates. The agent in the case has insisted upon renewal by certificate, and the North America, for sentimental reasons, has agreed.

Mr. Foster urged the examiners not to take the existing forms and rules as the last word. That is, he said that an examiner should see if he could not suggest changes or revisions to his superior officers. He cited the numerous changes that have been made in the supplemental contract now in use in the west, as an illustration of how a form may be revised. He said that an examiner's thinking should not be circumscribed too much by forms and rules, and urged his hearers to make constructive suggestions as to possible changes or improvements in form.

DEATH OF PAUL R. ENGELHARD

Paul R. Engelhard, head of Engelhard & Co., class 1 Chicago agency, who died suddenly the other day, had been in the insurance business in Chicago about 30 years. He was 71 years of age and was actively engaged in the business at the time of his death. He died of a heart attack in his home town of Riverside, Ill., while on his way to get a train for Chicago.

For 23 years, Mr. Engelhard was a partner in Hugo Dalmar & Co., agency of Chicago. Also associated with him in that office were two of his sons, Eugene F. and Willard P. In 1930 the three organized the Engelhard & Co., agency.

Two brothers of Paul R. Engelhard are connected with another Chicago class 1 agency, Engelhard, Krogman & Co. They are Herman Engelhard and Max Engelhard.

Mr. Engelhard came to this country from Germany in 1870, was engaged in the chocolate manufacturing business for awhile and then was employed by the Crane company. He entered the insurance business in 1907.

NEW CHICAGO SETUP FOR HOME

Harold V. Smith, president of the Home, at a dinner of employees of his company in Chicago, announced that E. R. Hurd has been appointed general manager of all the Home's activities in Chicago except those of the farm department. Frank H. Cornell, manager of the farm department, has been made secretary of that department.

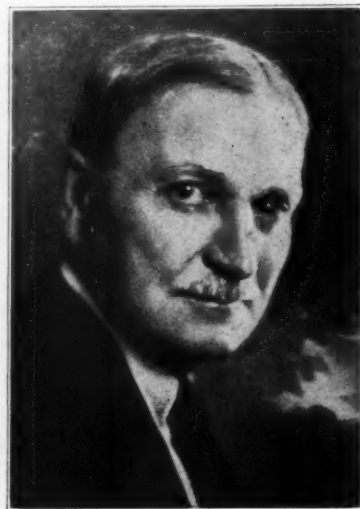
Mr. Hurd has previously been manager of the Cook County department. The position of general manager has not been filled since the time that C. D. Lasher was transferred to San Francisco as Pacific Coast manager.

Mr. Hurd now has charge of the Cook county branch of the Home and National Liberty, the Illinois state agency, marine department, service and improved risk department, live stock department and casualty department operated by the Home Indemnity.

At the same dinner Mr. Smith presented a watch to Carl Koch, Cook county manager of National Liberty, in recognition of his 40 years' service with that company.

Mr. Hurd is a native of Davenport, Ia. He graduated from John Marshall

Two Cleveland Speakers



CHARLES F. THOMAS, Chicago



C. D. McVAY, LeRoy, O.

Two of the prominent speakers before the meeting of the Cleveland Insurance Board were Secretary and Manager Charles F. Thomas of the Western Underwriters Association and C. D. McVay, executive vice-president of the Ohio Farmers.

Law School and is a member of the Illinois bar. In 1896 he went into the fire insurance business for the Security Fire of Davenport. After serving a year with the Chicago Great Western Railway he became a map clerk with the Germania Fire in Chicago. He served as an adjuster for two years with David Wagner and in 1902 became Illinois special agent for the Home. He became Cook county special agent in 1906, assistant manager in 1915 and Cook county manager in 1930.

Mr. Cornell is a native of Yorkville, Ill. He graduated from the University of Illinois in 1894 and two years later joined the Home in its western farm department. In 1898 he served as special agent for the subagency department in Illinois and Wisconsin. A few years later he became underwriting examiner of the farm department, in 1914 assistant secretary, in 1917 joint manager, and in 1931, sole manager.

COMMITTEE OF TEN IS NAMED

A committee of five company representatives and five agents has been appointed by the president of the Chicago Board to engage in deep-seated introspection and make recommendations for fundamental reforms in the board setup. A chairman has not yet been selected as no meetings have been held.

The theory behind this study is that from time to time legislation has been adopted and enforcement measures pursued to correct abuses, but without examining fundamental causes and seeking to get at the root of the problem.

The committee is expected to make a searching inquiry. Necessarily, it is assumed, the commission situation will get plenty of consideration. Probably during its deliberations the committee will ponder just about all of the criticisms and suggestions that are offered by the serious thinkers.

CHICAGO INSURANCE CLUB

On Tuesday evening the first conference was held looking toward the revival of the old Chicago Insurance Club with those taking the Insurance Institute classes as the nucleus for reorganization. W. F. Kuffel of the Phoenix of Hartford presided. A. T. Graham of Carolan & Graham, who is a charter member of the club and who has been very active in its educational work, stated that the original idea of having such a club came from George E. Haas in 1900. He was then examiner in the

western department of the Atlas and is now head of the casualty division of the Illinois insurance department.

E. A. Bremmer of Moore, Case, Lyman & Hubbard, Mr. Haas and Mr. Graham constituted the committee to start the ball rolling. At the end of the year there were 400 members. In 1901, in February, the Chicago Fire Insurance Club was incorporated but later on its name was changed to the Chicago Insurance Club. Out of this effort sprang the Insurance Institute of America. At one time he said the Chicago Insurance Club had 1,200 members. He called attention to the fact that women are eligible for membership.

Benjamin Richards, manager Underwriters Service, who has been one of the loyal members and also is closely identified with the educational work, stated that he served as secretary of the Insurance Institute for 10 years. The depression and the attempt to over-emphasize the social feature caused the Chicago Insurance Club to decline and finally suspend. He said that the educational work should be the chief function and the social end should be kept in the background. It should father the Insurance Institute courses, he said.

C. M. Cartwright of THE NATIONAL UNDERWRITER awarded the diplomas to graduates of the last course, they being J. S. Falk, Standard Surety & Casualty, and J. D. Banks, Atlas Portland Cement Co., in the casualty course; B. E. Lindquist of Youngberg-Carlson Company; E. J. Lynch, Fireman's Fund, and J. T. Sorenson, Western Actuarial Bureau, in the fire course. He announced that Mr. Falk's diploma carried the designation, "Cum Laude," which means that 50 percent of his grades were 80 percent or over.

Special honorable mention was given to Paul M. Corbett, Atlantic Mutual, his inland marine grades averaging 96 percent. The highest student in that branch in the country averaged only 96.5 percent.

Chairman Kuffel announced that there would be a meeting Dec. 17 in the Chicago Board auditorium when C. R. Welborn, secretary Underwriters Laboratories, would present its moving picture film and tell something of the work of that institution. At the January meeting, election of officers will be held. In February, Professor Finnegan, who is head of the fire protection engineering course at Armour Institute, will be the speaker. The committee on reorganization consists of Mr. Kuffel, R. E. Baker,

Hartford Accident; H. L. Hunter, Chicago Board; Mr. Richards and Mr. Graham.

COMPANIES

Buckeye Union Fire's Plans

Some Shares of Stock Are Set Aside for Purchase by Local Agents If They So Desire

The Buckeye Union Fire of Columbus, which is being organized with \$200,000 capital and net surplus of \$300,000, in its prospectus states that the stock is being subscribed by present stockholders of the Buckeye Union Casualty with the exception that a block has been set aside for agents who wish to participate in the earnings. No commission is being paid on the sale of stock. Control of the Buckeye Union Fire remains identical with the Buckeye Union Casualty with 60 percent in the possession of the management. The prospectus states that the capital will be increased as the volume of business grows, following the same practice as in the Buckeye Union Casualty.

Fire Association Group Shows Figures as of Oct. 1

The Fire Association companies have issued their statements as of Oct. 1, the Fire Association itself showing assets \$22,168,394, premium reserve \$9,824,227, capital \$2,000,000, net surplus \$8,320,344.

The Lumbermen's assets are \$5,067,161, premium reserve \$1,524,489, capital \$1,000,000, net surplus \$2,202,362.

The Philadelphia National has assets \$2,896,129, premium reserve \$573,897, capital \$1,000,000, net surplus \$1,148,024.

The Reliance has assets \$4,012,819, premium reserve \$975,131, capital \$1,000,000, net surplus \$1,794,643. It has declared a 40 cents a share extra dividend in addition to the regular semi-annual dividend of 30 cents a share.

Montana Experience in 1936

Annual Report of the Insurance Department Gives the Figures for the Fire Company Groups

The annual report of the insurance department of Montana for the year ending Dec. 31, 1936, shows that 130 board stock companies wrote 71.6 percent of all fire premiums in the state, with a loss ratio of 45.2 percent. Eighteen non-board stock companies wrote 15.3 percent with a loss ratio of 50.2 percent, and eighteen mutuals wrote 13.1 percent with a 52.3 percent loss ratio.

During 1936, of the \$2,499,276 in net fire premiums written by the three classes of companies, the board stock companies wrote 71.6 percent of the fire premiums, as compared with 72.9 percent in 1935. The unaffiliated stock companies showed a decrease in premiums from 18 to 15.3 percent, while the mutuals increased from 9.1 to 13.1 percent in 1936.

A comparison of the loss ratio of the three groups shows the board stock companies loss ratio below the average loss ratio. The unaffiliated stock companies loss ratio of 50.2 percent for 1936 compared with 49.8 percent for 1935, and the fire loss ratio of mutual companies increased from 24.8 to 52.3 percent over the same period.

The underwriting experience of the fire groups shows an average premium rate of \$1.20 which is 12 cents less per hundred than in 1935.

The San Francisco Insurance Brokers Exchange will hold its annual Christmas party Dec. 15.

Gary Board at Turkey Dinner Elects Van Liew

GARY, IND.—A turkey dinner featured the annual meeting of the Gary Insurance Board. Approximately 60 agents and their employees attended the affair which was held at Hotel Gary, Monday evening. While the evening was primarily a social one, the nominating committee consisting of Leslie R. Bain, Glenn Rearick and Miss Katherine Patton submitted list of officers for the ensuing year.

Officers heading the organization for 1938 will be Don Van Liew, president; Miss Katherine Patton, vice-president; Arthur Krueger, secretary, and Thomas Welch, treasurer. Retiring officers are Fred Jannasch, president; Mr. Van Liew, vice-president; Glenn Rearick, secretary, and J. A. Oberdorfer, treasurer. The annual meeting is held each year the Monday before Thanksgiving and is planned by the outgoing officers.

Advertising Conference Rally

Elmer Wheeler, president of Tested Selling Institute, and Lester Beall, one of advertising's outstanding art experts, are two of the speakers who will address the annual winter meeting of the Insurance Advertising Conference Dec. 7 at the Hotel Roosevelt, New York City. Arthur A. Fisk, advertising manager of the Prudential, is president.

The general meeting will be followed by two group meetings with A. H. Reddall, assistant secretary, of the Equitable Life of New York as chairman of the life group. Harold Taylor, advertising manager of the American of Newark, will conduct the fire and casualty meeting. After luncheon all members will be addressed by Mr. Wheeler on "How to Build Sentences That Sell!" During the ten years that he has been advocating "tested selling sentences," 105,000 actually have been tested on more than 19,000,000 people. The other speaker, Lester Beall, is an artist.

Accountants to Meet

Plans for the 8th annual banquet and "reunion" of the Insurance Accountants Association of San Francisco to be held Dec. 16, are being completed under direction of H. A. Funck of Selbach & Deans, chairman of arrangements. Following the final business meeting and election in the assembly room of the Merchants Exchange Building at 5 p.m. members will adjourn to the Elks Club for a reception and good fellowship hour prior to dinner. There will be a floor show.

Discusses Auto Losses

VANCOUVER, B. C.—L. K. Cooksey, manager Hooper-Holmes Bureau, was guest speaker at a luncheon meeting of British Columbia Blue Goose, talking on contributing causes of automobile losses and the important part an inspection service directed particularly toward the driver as an individual can play in reducing such losses.

Oil Association Promotions

H. M. Carmichael, general manager of the Oil Insurance Association, announces the advancement of M. C. Brown to assistant general manager at Chicago; C. N. Comegys, assistant general manager, is given further executive responsibilities; W. K. Whitmore to manager at Tulsa; N. A. Stemmerman to special representative at New York; W. T. Kewley to special representative at Chicago.

Meeker Dies at Milwaukee

R. K. Meeker, 56, Wisconsin state agent National Union Fire since Jan. 1, 1933, died at St. Joseph's hospital in Milwaukee after an illness of a year and a half with heart ailment and complications. He had lived with his family at Oconomowoc, Wis., until taken to the Milwaukee hospital, but maintained

offices in Milwaukee. Mr. Meeker was widely known in the midwestern fire field, in which he had spent his entire business life. As a youth he started in his father's agency at Sycamore, Ill., his birthplace. Later he operated a local agency in Kansas City, and then traveled for several companies in Kansas and Missouri. He was chief examiner for the Security of Connecticut in the western department at Rockford. He went to Chicago and traveled for the old Hudson and Svea, and then went to Milwaukee as state agent for Wisconsin and part of Illinois until joining National Union. He was an active member

of the Wisconsin Fire Underwriters Association, Wisconsin Blue Goose and Wisconsin State Fire Prevention Association until his illness forced retirement from business. Several months ago the National Union appointed as associate state agent A. P. Riedinger, previously with the National of Hartford. A brother, Alvah Meeker, Boston, is associated with the Firemen's of Newark.

Beardsley Is Host

E. W. Beardsley, state manager of the Western Adjustment in South Dakota, was host at a dinner in Sioux Falls for

his entire staff of adjusters and office force and which also included resident adjusters from the Watertown, Aberdeen and Rapid City offices. In this manner he shared the fruits of his hunting trip in Canada with his helpers. The table carried out the hunt motive, as it was decorated by a scene made up of miniature woods, hunters and game and which gave real color to the dinner. The meat course consisted of moose meat secured by the host.

The revised edition of **Right to the Point** answers 345 pertinent questions for agents.—\$1 from National Underwriter.



CLEARING THE WAY

Around the end—off tackle—thru the line . . . even the best ball carrier can't make many gains without good blocking.

How often you see it . . . a pair of backs driving hard . . . tacklers pounding in to meet them. That's when teamwork counts. The interference dives . . . *clearing the way*. His man's blocked out . . . the ball advances to another first down.

* * *

Teamwork counts in our business as well. We know we must keep the way clear so that you can devote your time to customers and prospects.

Ask our present agents about us. They'll tell you of the help they

get from our skilled, experienced fieldmen. They'll tell you how we conserve your time and energy by holding correspondence and reports to a minimum . . . how we're always ready with maximum cooperation. They'll tell you we're "Friendly Folks" . . . easy to get along with . . . believers in teamwork in every sense of the word.

* * *

The 84-year-old Agricultural, and the Empire State, are firm supporters of the American Agency System. If you have a place for another strong company . . . one that truly plays ball with agents . . . let us send a fieldman now.

Agricultural
Insurance Company,
of Watertown, N.Y.

Empire State
Insurance Company,
of Watertown, N.Y.

EVERY TYPE OF PROPERTY INSURANCE FOR INDUSTRY AND THE HOME

Stock System Has Notable Record As Big Builder

(CONTINUED FROM PAGE 5)

development of commerce and industry. Insurance forms the foundation of the entire credit structure and property values are dependent on it.

The speaker called attention to the fact that while the cost of government has been consistently increased the public has seen its fire insurance bill consistently decreased. In Ohio the average fire rate per \$100 has been reduced from \$1.13 in 1900 to 53 cents in 1936. Mr. McVay declared that Ohio has the lowest average rate of any state in the country. Yet during all this period with the average rate going down, the companies met and discharged their obligations without a whimper.

The stock companies have done much to promote better building construction and the use of safety appliances. They have contributed time, money and thought to the reduction of losses and eliminating accident causes. The standard policy, uniform forms, statistical and actuarial organizations necessary to the intelligent and safe conduct of the business are largely the work of these companies, he asserted.

Great Reserves of Strength

They write the bulk of the business and they are the great reservoirs of financial strength. They have tremendous reinsurance facilities and thus are capable of meeting and spreading catastrophe losses. Here Mr. McVay finds the reserve strength and the ability that is the sound assurance of safety. The American agency system, Mr. McVay declared, has demonstrated its fundamental soundness. It is essential to the conduct of business that in the servicing and selling of insurance in every community there shall be qualified agents who can bring highly professionalized and experienced knowledge to their job. Their exact opposite would be a system whereby the agent as an independent factor having a recognized property interest in the business which he has created would be eliminated.

Non-Agency Competition Seen

Mr. McVay stated that there always had been in more or less a limited way the competition of those institutions and systems through which insurance has been sold than through the medium of agents. It is only in recent years, he asserted, that there has been such an expansion of this system. There has been in recent times the institution of new methods of such a revolutionary character as to constitute a direct challenge to the agency system, he declared. Mr. McVay made the sweeping statement that stock companies are the only ones that are prepared to offer a broad and comprehensive protection to all classes of insurable property. Any system that would take away from the companies the ability to service in a broad and comprehensive way the insurance needs, and which would be accomplished by the eradication of profits, if pursued to its logical conclusions, would, in his opinion, lower the standard of service, increase the cost to the public, destroy the American agency system and result ultimately in state insurance.

Should Work Together

Companies, agents and the insuring public, he said, should be found in collaboration in promoting the cause of those institutions that through the years have shown not only the ability but the will to meet every obligation, public and private. These are the ones that have done the most to promote the general welfare, that have given their time, money and genius to the study of better and safer building construction, that have promoted zoning laws, improved fire fighting equipment and fire fighting agencies. They have set up the

New Eastern Quarters



The Pacific National Fire will open a new modern and completely equipped office for its eastern department in the Drexel building on Independence Square in Philadelphia next Tuesday. The teletype system will be installed in a two-way communication with home office and other departments and branches, thus giving a coast to coast hookup. W. A. Waters, assistant secretary, is manager of the eastern department.

statistical and actuarial bureaus. It was necessary that a scientific rating system be devised and maintained. They put up the fullest reserves for every existing and contingent liability. It has developed and provided standard policies and standard forms, giving the greatest possible protection at minimum cost.

W. L. Falk's Address

W. L. Falk, superintendent Royal-L. & L. & G. group in New York City, spoke on the cooperative movement in the United States, telling about the producers and the consumers cooperatives. It is with the consumers cooperatives that Mr. Falk feels there is a decided menace. His summing up of the situation is as follows:

"Let me make it plain that we do not question the right of any group of consumers to cooperate among themselves for the purpose of denying a profit to others but we do honestly believe that judging from a broad viewpoint the system is bad economically and that if it is permitted to grow it will result in demoralization and ruin of our entire economic life. In the development of this country the merchants played a most important part. They risked their savings knowing full well that our system is not always a profit system but a profit and loss system as well. Under this system we Americans have through our own initiative and effort produced more material things, enjoyed the most wide spread distribution of property and the highest standard of living that the world has ever known but the time has come for those who believe in the profit system to stand by the principle of 'live and let live' and to stand against mutuals and cooperative or other schemes which have as their objective the closing of the door of opportunity to present and future generations."

Fires on the Farms

"Fires on Farms" is the title of a leaflet issued by the United States Department of Agriculture. Compiled by H. E. Roethe, senior engineer chemical engineering research division of the Bureau of Chemistry & Soils, the leaflet lists the principal causes of farm fires and tells how to eliminate hazards. The need and importance of safeguarding farm buildings and their contents against fire is emphasized by the fact that approximately 3,500 persons lose their lives in farm fires year after year, while the property loss amounts to about \$100,000,000 annually.

ment. F. N. Belgrano, Jr., former president American Legion, who is president of the Pacific National, is one of the best known men in the country. He states that the Pacific National is completing a year of unprecedented expansion and growth. Vice-president W. L. Wallace is in from the home office to represent it in the opening of the new office. A view of the building is shown above.

Ohio Agents' Body Gets a Ruling on Agency Contract

(CONTINUED FROM PAGE 5)

authority under the law to require written contracts.

4. Even if an agent has a contract with his company or companies, whether it be oral or written, the Bureau of Internal Revenue will only consider that contract in the light of all the other facts concerning that particular agency-company relationship and the contracts of themselves would not and could not be accepted as conclusive proof that the agent was not an employee.

Commissioner's Letter Given

The letter is published, addressed to Secretary Lloyd over the signature of Guy T. Helvering, commissioner of internal revenue, under date of Nov. 20, which reads as follows:

"Reference is made to your letter dated November 19, 1937, and to a conference held on that date with representatives of the bureau, relating to the status, under the taxing provisions of the social security act, of certain insurance agents who are engaged in the solicitation of all forms of insurance with the sole exception of life insurance. There were enclosed with your letter sample copies of contract forms for use in connection with the solicitation of fire and casualty insurance. With respect to these contract forms the following statement and questions appear in your letter:

"We are told that the contracts attached hereto must be signed by insurance agents, if they are to be considered independent contractors for purposes of the social security act, and that agents who do not sign these contracts without changing them in any way, will be held to be employees.

"We would like to present the following questions for answer by the bureau:

"1. Is the form of fire company contract attached hereto the only form which the Bureau of Internal Revenue will approve?

"2. Is the form of casualty company contract attached hereto the only form which the Bureau of Internal Revenue will approve?"

"Your letter sets forth a number of other questions relating to the provisions of these contract forms which the

bureau is not in a position to answer for reasons which are fully set forth in the enclosed copy of Mimeograph Coll. No. 4589, and which were explained in detail at the above-mentioned conference.

"You are advised, however, in answer to the two questions set forth above, that the Bureau of Internal Revenue has not 'approved' any particular form of written contract under which insurance agents perform services in the sense that it has taken the position that agents holding such contracts are independent contractors while all others not holding such contracts, or having no written contracts, are employees for purposes of the taxes imposed under the social security act. It is also desired to emphasize that the bureau has not at any time required, nor does it have the authority to require, that an insurance company cause its agents to enter into any particular form of contract since the matter is one which is wholly within the discretion of the parties concerned.

"You are further advised that, as indicated in Article 3 of Regulations 91 and in Article 204 of Regulations 90, issued pursuant to Titles VIII and IX of the act, respectively, the determination in doubtful cases of whether an insurance agent is an employee may be made only after an examination of all the relevant facts and circumstances surrounding the performance of his services.

"Pursuant to the aforementioned provisions of the regulations, in requesting information to effect such a determination, the bureau has required invariably that there be submitted a copy of an executed contract entered into between the insurance company and an agent whose status is representative of the class with respect to which a ruling is desired, if such contract is in writing or, if made orally, a complete statement of the terms and conditions thereof. In addition, the bureau has also required the submission of a comprehensive statement outlining the actual course of dealings between the parties to the contract, together with such other information as may be deemed pertinent to the question."

Text of Mimeograph

Following is the text of Mimeograph under date of April 21, signed by Commissioner Helvering.

The bureau is receiving a large number of requests from taxpayers and their counsel for rulings which relate to the character and extent of tax liabilities resulting from prospective as distinguished from consummated transactions. Except upon specific authorization by the commissioner of internal revenue or as indicated in (a) below, the established policy of not complying with such requests will continue to be followed. Rulings will continue to be made only under the following circumstances:

(a) The transaction must be completed and not merely proposed or planned, except where the law or regulations provide for a determination by the commissioner of the effect of a proposed transaction for tax purposes, as in the case of a transfer coming under the provisions of sections 901-904 of the revenue act of 1932, or an exchange coming under the provisions of section 112(1) of the revenue act of 1936.

(b) The complete facts relative to the transaction, together with a copy of each contract, or other document, necessary to present the question, must be given.

(c) The names of all the real parties interested must be stated regardless of who presents the question, whether an interested party, attorney, accountant, or other representative.

(d) A request for a ruling must be signed by the taxpayer, or in case he is represented by an attorney or agent, the request must be accompanied by properly executed power of attorney. Banks, however, will not be required to furnish powers of attorney with respect to inquiries affecting their depositors.

A copy of a ruling addressed to a taxpayer will not be furnished to his attorney or agent unless the bureau is specifically authorized to do so by the taxpayer.

The bulletin signed by President McElroy and Secretary Lloyd states that a study of the letter and the explanation appearing in five paragraphs of the bulletin makes it clear that no written

contracts are obligatory under social security. The bulletin then says:

"Therefore, it follows logically that any agent who signed a contract because of the representation that it was necessary in order to conform to social security requirements is now justified in insisting upon either revision or return of the contract."

"We regret the necessity of taking a position contrary to that taken by the National Association of Insurance Agents, but in view of the facts outlined in the letter from Commissioner Helvering, the Ohio association could do nothing less."

"We do not desire this bulletin to be an indictment of insurance company executives. Many of the officials and representatives of companies and some agents with whom we have discussed this matter labored sincerely under the erroneous impression that the signing of these was necessary under social security requirements. We believe that the information which we have secured will be as valuable to the companies as to the agents, and we hope that they will accept it in the same spirit of cooperation which has always existed between the Ohio Association of Insurance Agents and the companies. We are just as anxious as the companies that the independent contractor status be maintained and we are willing to fight shoulder to shoulder with them to attain this end."

Nebraska Handbook Is Issued

New Edition from the Press of The National Underwriter Gives Complete Insurance Information

THE NATIONAL UNDERWRITER announces this week the publication of the Underwriters Hand-Book of Nebraska for 1937-38. This is the 13th edition.

A noticeable decrease in the number of agents licenses is indicated by the records of the compiler which show that in 1935, the last figures available, there were 28,530 agents licenses issued. For 1937, 25,619 licenses were received. Each class of licenses seems to show a decrease with the exception of mutual casualty companies which show a slight increase of from 1,128 to 1,360. Stock fire licenses dropped from 13,250 to 12,349. Another notable drop was that in the number of life licenses from 3,593 to 2,846.

The Nebraska Hand-Book is the complete reference book on insurance in the state and gives full information on all the agencies located there, listing them alphabetically by towns and showing the list of companies which they represent together with the members of the firm, other business transacted, the address, date established, etc. Besides this is given information on all companies operating in the state showing their financial statements, officers, field men, business in the state and kinds of insurance written.

Separate lists are given of the field men arranged alphabetically for cross reference purposes and there is much other miscellaneous information included such as the list of local organizations together with their officers, lists of insurance adjusters, a resume of the insurance laws of the state and town classification as to fire protection.

MAN AVAILABLE

Young man, age 30, single, now employed, having 10 years' Branch Office experience in underwriting casualty, fire and marine insurance with large multiple line company desires new connection. Excellent references.

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VIEWED FROM NEW YORK

By GEORGE A. WATSON

PAGE ON EASTERN TRIP

Charles R. Page, president of the Fireman's Fund group, is in New York, where he plans to remain about a month. On his return trip he will stop for a short visit in Chicago.

ALL OFFICERS RENOMINATED

George F. Sullivan, president, and all other officers of the General Brokers Association of Metropolitan District, have been nominated for reelection.

DAUWALTER AT HOME FOR SPELL

F. S. Dauwalter, director Business Development Office, is back in New York from the coast where he went to address the convention of the California Association of Insurance Agents at Hollywood. He is not scheduled to leave the city again until Jan. 11, when he is to speak at the gathering of the South Carolina agents' association.

BIG FIRES IN OCTOBER

The New York "Journal of Commerce" lists these fires in October that caused \$100,000 damage or more:

Allston, Mass., paper storehouse, \$100,000; Pompton Plains, N. J., church, \$100,000; Cazenovia, N. Y., business block, \$100,000; Slippery Rock, Pa., college dormitory, \$500,000; York, Pa., chain works, \$500,000; Hughes Spring, Tex., cotton warehouse, \$250,000; Wichita Falls, Tex., drug store, \$150,000; Chicago asphalt plant, \$200,000; South Bend, Ind., clothing store, \$150,000; Louisville cotton compress, \$400,000; Newberry, Mich., insane asylum, \$100,000; St. Paul, yacht club, \$100,000; Minot, N. D., lignite product plant, \$200,000; Zanesville, O., pottery plant, \$100,000; Cushing, Okla., lumber yard, \$100,000; Fresno, Cal., seven stores and a rooming house, \$100,000; Fresno, hardware store, \$120,000; Tahoe City, Cal., business block, \$100,000; Eugene, Ore., fruit plant, \$100,000; Portland, Ore., two saw mills, \$125,000; Walla Walla, Wash., grain elevator and warehouse, \$113,000.

WELCOME TO KURBYWEIT

A "welcome to our city" dinner was tendered Victor Kurbyweit, recently called from the management of the Philadelphia office of the America Fore, to become secretary of the Continental and placed in charge of its metropolitan division, by a number of his old eastern Pennsylvania field friends. Lew Buck, Fire Association, as chairman of the committee on arrangements was mainly responsible for the program, while S. A. Mehrtorf of the Home was toastmaster. Others on hand were: Leon Watson, expert of the New Jersey Schedule Rating Office, where Mr. Kurbyweit began as office boy; Morgan Williams, National Liberty; Connie Gallagher, Atlas; H. C. Blaketz, Home; William Rattleman, National Union; W. E. Hill, Fire Companies Adjustment Bureau, and W. B. Kelly, Royal Exchange.

ADVERTISING COMMITTEE HEADS

New chairmen for the standing committees of the Insurance Advertising Conference named by A. A. Fisk, advertising manager of the Prudential and president of the conference, are: Street and highway safety, David C. Gibson, Maryland Casualty; standards of practice, H. H. Putnam, John Hancock Mutual Life; accident and health week, C. A. Palmer, North America; program, Ray C. Dreher, chairman, Boston; W. Leslie Lewis, Agricultural; Harold Taylor, American; C. J. Fitzpatrick, U. S. Fidelity & Guaranty; committee to co-operate with police authorities of New York City towards the reduction of deaths and accidents by automobiles, S. F. Withe, chairman, Aetna Casualty & Surety; A. H. Thiemann, New York Life; W. J. Traynor, North British & Mercantile; publicity, F. J. Price, Jr., Prudential; membership, A. H. Reddall,

chairman, Equitable; Jarvis W. Mason, National Fire.

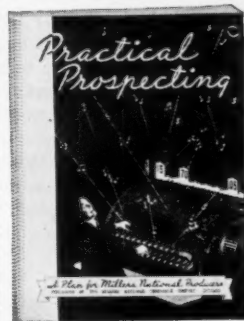
In announcing the committee appointments President Fisk disclosed that the insurance companies now represented in the conference total 130 and that there are 50 associate members, including publishers of leading insurance journals, some of America's leading advertising agencies which handle insurance accounts, and national magazines hav-

ing insurance specialists on their staff. The annual winter meeting will be held in New York City Dec. 7, when prominent speakers on advertising subjects will be heard.

H. P. Velsor, son of the late C. W. Velsor, local agent at West Allis, Wis., Milwaukee suburb, has established the Velsor Insurance Agency at 5905 West National avenue there.

Charles Schwarten, vice-president and treasurer of the G. H. Russell Co. agency, Milwaukee, announces the engagement of his daughter, Virginia Lee, to John Hardiman of Chicago.

R. T. Peters and H. J. Larson, operating the Robert Peters agency, Marquette, Mich., have purchased the Dolf agency from the estate of the late C. E. Dolf.



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"We have been waiting for a sales plan like PRACTICAL PROSPECTING for a long time. It's exactly what we want," says L. D. Stitt, secretary and manager Starkweather & Shepley, Inc., member Sprinklered Risk committee Chicago Board of Underwriters, and past chairman Chicago Local Agents Association.

"We have adopted PRACTICAL PROSPECTING in the Lawton-Byrne-Bruner Insurance Agency because it fits

the individual needs of our producers better than any sales plan ever before presented to this agency," says Carl S. Lawton, vice president and general manager of the Lawton-Byrne-Bruner Insurance Agency Company, St. Louis, Mo., chairman Executive Committee Missouri Insurance Council, and past president of the St. Louis Fire Underwriters Association.

"PRACTICAL PROSPECTING is a sure method of increasing premium income. We've tried it and know it works," says Clinton T. Gamwell, co-founder and head of the thirty-three year old Gamwell and Ingraham Agency, 1612 Industrial Trust Bldg., Providence, R. I.

See for Yourself

If you are interested in increasing your sales . . . if you are disposed to seek good selling ideas and turn those ideas into dollars for yourself, then return the above coupon.

See for yourself how it will help you ring up more sales for your agency.

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EDITORIAL COMMENT

Important O. D. Recommendation

LEON S. SENIOR, in a paper presented at the meeting of the CASUALTY ACTUARIAL SOCIETY, made an important recommendation that should be translated into action just as soon as possible in those states having occupational diseases compensation laws. It is that some safeguard be established to prevent insurers from dissipating the excess of occupational disease premiums over losses paid in the early years.

Responsible and seasoned companies thoroughly understand what the curve of occupational disease losses is almost certain to be. In the early years in a risk, especially if there has been physical examination of employees, the losses may be very small in relation to premiums, perhaps negligible. The experience is likely to be comparable to that in life insurance where the mortality on newly examined lives is very superior.

As time goes on and the effects of selection wear off, the mortality approaches a normal level. Occupational diseases will be slow to develop and mature into claims. In the first few years there will be quite an excess of premium collections over losses paid. Responsible and experienced casualty executives understand the probabilities

and will not be deluded by the results. They will voluntarily ignore those seeming profits in deciding upon the payment of dividends to stockholders and policyholders. They will carry forward the excess in the early years to pay the losses that are certain to develop later.

However, the inherent lesson of casualty insurance is being learned time and again, with tragic results, by newcomers. Those who do not have a background and perspective are likely to get into the occupational disease business, see what appear to be immediate profits, think they have found a bonanza and spend what they have made. They may cancel off the line in a year or so and actually come out with a clean profit to themselves. However, the assured has certainly been treated unfairly. The premiums that he has paid in early years, which should be reserved to help out as experience matures, have been confiscated.

As Mr. SENIOR urges, some statutory earmarking device must be introduced to avoid such consequences. This, it seems to us, is a vital matter. The dangers are obvious and steps can be taken now to avoid their realization. The commissioners through the aid of actuaries should be able to devise a plan.

Problem of Long Haul Truck Coverage

THE collapse of the AUTO MUTUAL INDEMNITY of New York, due largely to long haul truck business, calls attention to the very hazardous nature of this coverage unless there is the best sort of selection and constant inspection and intelligent servicing. No one has yet solved the long haul truck underwriting problem satisfactorily. Some companies that entered this field are now in the insurance graveyard because they were tempted by the easy premiums to be secured. There have been steps for-

ward taken along this particular line.

Undoubtedly this field offers the greatest opportunity for premium volume if a way can be found whereby carriers can write it satisfactorily and with reasonable profit and yet the burden on the premium payer not made too heavy. Perhaps the solution will be along inspection and servicing lines, making truck driving much safer and thus reducing the accident incidence. Thus far long haul truck business has certainly been a company killer.

Carpenter in California Housecleaning

INSURANCE COMMISSIONER CARPENTER in his address before the CALIFORNIA ASSOCIATION OF INSURANCE AGENTS related in a rather graphic way the obstacles that were thrown in his way in his efforts to clean up the department and give California an efficacious and trustworthy insurance administration. Mr. CARPENTER inherited a situation that was anything but desirable. Immediately on taking office he began to cleanse the Augean stables. Naturally political pressure was used against him.

Those who wanted the old procedure continued did not hesitate to employ all

tactics possible to stay the progress of the CARPENTER policy. In the state were a number of insurance institutions that had been allowed to continue even though they were insolvent and resorting to all sorts of piratical tactics. The batteries were turned against Commissioner CARPENTER but resolutely and courageously he stood by the platform he had formulated. The heaviest artillery was drawn out during the time he was reorganizing the PACIFIC MUTUAL LIFE, a job that was completed to the satisfaction of the NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

and one that reflected great credit on Commissioner CARPENTER. California has needed for some time a man of his resolute type, his integrity and determination.

Watching for Tax Dodging in Insurance

INSURANCE companies are favored so far as federal income taxes are concerned in that they are not required to pay a tax on undivided profits. This exemption was made because an insurance company needs adequate and substantial financial ballast. Undoubtedly many institutions of various kinds, medium sized and small have been weakened because they were unable to maintain the surplus or reserve that has been their wont in days gone by.

The question of taxation is a very vital and serious one to corporations and people. The great problem personally with many men is how to conserve and preserve what they make rather than how to invest it. Now that insurance companies have

been exempted, outside capital is casting a wistful eye in their direction, thinking that here may be an opportunity to invest where the surplus earnings will not be disturbed. Naturally the federal authorities are looking askance at any attempts to use an insurance company as a tax dodging enterprise. There have been evidences of monied groups attempting to buy companies or convert a corporation into an insurance institution probably with the sole idea of protecting the surplus rather than getting into the business seriously. The TREASURY DEPARTMENT therefore where it has suspicions is not slow in probing an enterprise of this type to ascertain its financial setup.

PERSONAL SIDE OF BUSINESS

C. F. Codere, vice-president St. Paul Fire & Marine, has been elected president of the Minnesota Club of St. Paul.

W. B. Flickinger, formerly associate western manager of the North America, and Mrs. Flickinger celebrated their 55th wedding anniversary the other day.

Joseph C. Finnell, owner of the Finnell & Finnell agency of Detroit, is bereaved by the death of Mrs. Finnell, who had been ill eight weeks. Mr. Finnell is special agent for the Piedmont.

At the luncheon session of the annual meeting of the Indiana Association of Insurance Agents in Indianapolis last week, John H. Hellekson made a bow when T. R. Dungan of the Fidelity-Phenix called attention to the fact that Mr. Hellekson had completed 61 years of service with the Springfield Fire & Marine, 50 years as state agent in Indiana. J. W. Kirkpatrick of Muncie and E. H. Forry of Indianapolis were also called to their feet as past presidents of the Indiana association who had long served the interests of the organization faithfully and effectively.

K. F. Raitt, who becomes secretary of the Orient, has been assistant secretary and chief accountant, and will succeed the late A. H. Murphy. Mr. Raitt was born in Fitchburg, Mass., and graduated at Dartmouth in 1913. He gained his first experience at the head office of the New Hampshire Fire. He started with the L. & L. as chief accountant in 1918. Mr. Raitt has had insurance department experience, having been connected with the New Hampshire and later the Iowa department.

E. S. Leonard, 83, for 50 years a prominent agent of Bellows Falls, Vt., and head of the agency bearing his name until his retirement a few months ago, died there. He was one of the first presidents of the Vermont Association of Insurance Agents and prominent in civic affairs.

Miss Walsh, who has an important part of the cast in George M. Cohan's popular play, "I'd Rather Be Right," is

a daughter of Eugene J. Walsh, of the long established Davenport, Ia., agency of Snider, Walsh & Hynes. She is also on the radio for one of the large manufacturing companies. Mr. Walsh is a brother-in-law of the president of the Walsh Construction Co. of Davenport, one of the foremost corporations of its kind in the country. Among other large projects upon which it is now engaged is completion of the Grand Coulee Dam.

T. J. Mahoney, 58, vice-president and manager of the City Insurance Agency, Portland, Ore., died there.

Miss Mildred Price, secretary to J. D. Saint, manager Oklahoma Association of Insurers, was married in Oklahoma City to Wendell O. Grimm, son of W. H. Grimm, state manager of the Pratorians in Oklahoma, and associated with him in that office.

Rance Wright, deputy insurance commissioner of Georgia, has been seriously ill in an Atlanta hospital for the past two weeks. Late reports indicate some improvement.

H. J. Grant of Salt Lake City, president of the Heber J. Grant & Co. general agency and of the Utah Home Fire and Beneficial Life, celebrated his 81st birthday there. He has been continuously in the insurance business for 66 years, starting as an office boy at 15.

At the surprise dinner given O. S. Morse, Janesville, Wis., local agent, on his 70th birthday, there was a large attendance of field men of companies in the Morse agency. Lloyd S. Wallace of the Niagara Fire was toastmaster and D. O. Stine, St. Paul Fire & Marine, made the presentation speech in connection with the gift. Among the guests was John McClure, former general adjuster of the St. Paul F. & M., who was present to represent that company from the head office. He formerly traveled for the company in Wisconsin. Mr. Morse had represented the St. Paul F. & M. since it began business in 1894. Harry B. Doten, manager of the Montreux Hotel, where the banquet was given,

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who was formerly a field man, returned from New York especially for the dinner. Among the managerial men present were W. K. Maxwell, western manager Hanover Fire; P. F. Metzger, assistant superintendent of agents London & Lancashire; H. S. Norton, assistant superintendent western department of the American of Newark at Rockford. There were numerous telegrams and letters read.

R. L. Morse, a son, is a partner in the O. S. Morse & Sons agency.

The engagement of Miss Aubine McCrea of Harrisburg, Pa., to **Homer W. Teamer**, secretary-manager of the Insurance Federation of Pennsylvania, has been announced.

B. F. Funk, only brother of **Guy W. Funk**, executive special agent of the Great American's western department at Chicago, was accidentally killed last week at Dayton, O. His home was in Seattle, where he had been in the investment business for many years. Recently he had removed to San Francisco and was on a business trip to Dayton when the accident occurred. Immediately on receipt of the advices, Guy Funk left for Dayton and accompanied the body to the old family home at St. Paul where interment was made. It was the fourth death in the Funk family in the past 20 months.

S. L. Marshall, 28, an adjuster for the General Exchange in its Kansas City, Mo., office, was fatally injured when his automobile collided with a Frisco freight train near Joplin, Mo. Burial was at East St. Louis, Ill.

E. W. Smith, 80, senior partner in the law firm of Reed, Smith, Shaw & McClay, Pittsburgh, who died there, was a director of the Reliance Life, National Union Fire and National Union Indemnity. He was appointed a delegate to two sessions of the International Congress on Maritime Law at Brussels in 1909 and 1910 by President Taft.

H. M. Sisson, Oklahoma state agent Phoenix of Hartford, who was injured in an auto accident Nov. 12, is reported on the road to recovery, although he will probably be confined to the hospital for several weeks. He suffered injury to his arm, fractures of several ribs and dislocation of vertebrae.

P. A. Gregory, manager of the Dayton, O., department of the Columbia of Dayton, an American of Newark company, is seriously ill in a hospital in his home city. He is a brother of G. D. Gregory, secretary in the western department of Great American.

Adam Lefor, state bank examiner for North Dakota, who formerly was a local agent at Dickinson, N. D., was seriously injured in a highway collision. He suffered a crushed chest, fractured nose and facial lacerations, but is given a good chance for recovery.

S. H. Beckett, deputy insurance commissioner of California, is confined to his home in San Francisco, recuperating from a serious illness which affected his throat. It is expected that he will not be able to return to his office for about three more weeks.

O. M. Spratt, who has been operating a general agency from Joplin, Mo., and who was familiarly known in his territory as "Jack" Spratt, died at the age of 48. For the past year or so he had been in uncertain health but he had been seriously ill for only about a month. He entered the insurance business about 10 years ago in a local agency at Baxter Springs, Kan. Then he went to Minneapolis for a time and subsequently purchased a local agency at Joplin. About a year ago he sold his local business and went into the general agency business, representing the Piedmont of the Aetna Fire group in Missouri and Kansas.

Funeral services were held in Joplin

Takes Post with Illinois Insurance Department



H. A. MILLER

H. A. Miller, former assistant western manager of the North America, has taken a temporary position with the Illinois insurance department. He will work in close relationship with R. T. Nelson, deputy commissioner, and will give particular attention to matters relating to the new automobile and fire insurance rate regulation laws. Mr. Miller is especially familiar with automobile matters. He was automobile manager for the North America for a good many years and as assistant manager had general supervision of the automobile department.

and in Kansas City, Mo. One of those attending the latter services was W. J. Tippery of Chicago, assistant western manager of the Aetna.

Dan T. Smith, special agent for the Firemen's, has returned to his home in Winchester, Ill., after having undergone an operation in Barnes Hospital, St. Louis. He was in the hospital about six weeks.

F. M. Avery, vice-president and Pacific Coast manager of the Fire Association group, and Charles Barsotti, assistant manager, went to Los Angeles to attend the wedding of Vice-president J. Victor Herd. President Otho E. Lane was best man.

J. W. Olson, agency supervisor Fireman's Fund, Minneapolis, accompanied by his wife, has returned from an extended tour of Europe. Mr. Olson made the trip to take part in American Legion pilgrimage activities and dedication ceremonies at Chateau Thierry and Belleau Wood. Mr. Olson was a member of the air corp during the world war.

John W. Friend of Petersburg, Virginia state agent of the Phoenix of Hartford, has been elected moderator of the East Hanover Presbytery. Mr. Friend has long been active in Presbyterian church work.

George E. Townsend, vice-president of the Fireman's Fund, recently took a novel air trip into Mexico. Mr. Townsend, who is an ardent cameraman, proficient in both still and motion pictures, took an airplane from Hollywood at 3 a. m. for Mexico, arriving at Mexico City at 3 p. m. the same day. He spent three days picture-taking and left there by plane, arriving in San Francisco in time to reach his desk at the usual hour the following day.

Albert Schuchardt, 73, who established the Schuchardt Agency in Fond du Lac, Wis., in 1900, died there after a year's illness. In addition, a son, Ulysses, was associated with his father in the agency.

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REINSURANCE OF FIRE AND ALLIED LINES

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ANNUAL STATEMENT December 31, 1936

| | |
|--|---------------------|
| Reserve for Unearned Premiums |\$1,920,780.68 |
| Reserve for Losses Under Adjustment.. | 194,625.69 |
| Reserve for Taxes and all other Claims | 107,228.45 |
| Contingency Reserve |100,000.00 |
| CASH CAPITAL |1,000,000.00 |
| NET SURPLUS |2,112,660.17 |

TOTAL ASSETS\$5,435,294.99

SURPLUS TO POLICYHOLDERS \$3,112,660.17

Bonds and stocks are valued on basis approved by National Association of Insurance Commissioners. On basis of market quotations, the total Admitted Assets would be \$5,548,777.75 and the Policyholders' Surplus \$3,226,142.93.

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Jennings Named New Illinois President

Review of Year's Activities Given by the President

W. Herbert Stewart Comments on Some of the Accomplishments

W. Herbert Stewart of Chicago, president Illinois Association of Insurance Agents, in his annual address at the Rockford meeting, declared that there never was a time in the history of insurance where both agents and companies were as much interested in its education and development as now. The joint enterprise of the Business Development activities was gotten under way a year ago. The Illinois association was called into action and the state was divided into 15 districts with an agency chairman appointed over each. Meetings have been held in practically every district. Over 25 meetings were held, being well attended with an approximate number of 1,500 at hand. The details of these meetings largely rested on the chairmen and the Chicago office of the Illinois association. It is estimated that over 5,000 letters of invitation were sent out from Chicago at the expense of the association. These activities are now being resumed in the interest of stock fire insurance.

Should Have a Casualty B. D. O.

President Stewart said it was the consensus of those attending the mid-year meeting that this work should be extended to the casualty business where it is needed even more than in fire insurance. A resolution was passed requesting the casualty and surety companies to set up a similar organization. The officers have been in communication with the Association of Casualty & Surety Executives, endeavoring to have some action taken. They conferred with the conference committees of the National Association of Insurance Agents and the National Association of Casualty & Surety Agents. On account of the nature of the casualty business, Mr. Stewart said, it will require an entirely different set up than the stock

(CONTINUED ON PAGE 26)

Subsidized Competition of Ill-Managed Fund Is Hit

A logical and factual attack on the Wisconsin state fire insurance fund by G. F. Risley, Milwaukee, special agent Great American, was made at the convention of the Illinois Association of Insurance Agents.

The principal points of attack were the unfair and subsidized competition it offers, poor condition of assets and unsound underwriting practices. The tax payers of the state of Wisconsin, declared Mr. Risley, including insurance companies, are paying for many hidden expenses of the fund without knowing it, and at the same time are permitting it to continue practices which would cause any other insuring organization to lose its license forthwith.

History of Fund

The Wisconsin state fund was created in 1903. At present, all buildings owned by the state must be insured in it, which was its original purpose, and property of any political subdivision may be covered in it at the option of the city, county or other officials. Since its inception, it has written approximately \$1,150,000 in premiums, paid out about \$1,000,000 in losses and claims assets of about \$3,600,000.

Originally, rates were established at 75 percent of the rates of "responsible companies." Later it was reduced to 60 percent of this level. For a time the state took the stock company rates as a basis, but now an average of mutual and stock rates is used, making the state fund rates about 51 percent of those charged by stock companies. Recently a company filed a deviation, so the state took advantage of this to reduce the rates further to about 50 percent of the stock company rates.

Operating Cost Concealed

The low expenses claimed by the fund were pointed out by Mr. Risley as ridiculous on their face. The fund reports an expense ratio of 4 percent, but last year charged only \$5.90 for office expenses. Over a period of 10 years a total charge of only \$22 has been made for this purpose and no charges at all for light, heat and power have been shown. Obviously, the fund is using services charged to some other department and paid for by the tax payers. The stock fire insurance companies paid

\$800,000 in taxes last year, only a small percentage of which went for the operation of the insurance department. Hence, they are in effect compelled to subsidize their own competition.

As to underwriting practices, Mr. Risley pointed out that no fire insurance company in any state is permitted to carry liability totalling more than 10 percent of its net assets on any one line. The Wisconsin fund, however, with less than \$4,000,000 in assets, carries \$1,000,000 net and not reinsured on each of two unprotected hospitals. The University of Wisconsin buildings at Madison are valued at \$20,000,000 and since the law requires that all state owned property be insured for 90 percent of its value in the state fire fund, the conclusion is obvious that the fund is carrying \$18,000,000, or almost five times its assets, at this one location. A conflagration could easily wipe out the fund and throw upon the tax payers of Wisconsin a heavy burden of replacing essential property.

Buildings Thrust on Fund

Breaking down the assets of the state fund, Mr. Risley pointed out that it now shows \$203,000 in real estate, mostly foreclosed farms, and \$289,000 in farm mortgages. These mortgages are supposed to pay interest at 5 percent, which would have meant an interest income last year of \$14,000. Actually, the fund collected \$8,000, indicating that 44 percent of its mortgages are in default. Half due interest has obviously been written off the books, since it was shown at \$124,000 in 1934, declining to \$44,000 in 1935 and \$3,000 in 1936. Cash on hand is shown at \$18,000, a very small figure.

The worst feature of the fund's assets, however, declared Mr. Risley, has been the way the Wisconsin legislature has helped itself to the fund to build state buildings without levying additional taxes. This practice has already been criticised by others as amounting to an evasion of the Wisconsin law on state indebtedness. In 1930 the legislature "borrowed" \$770,000 from the fund to build an office building at Madison and \$276,000 for an orthopedic hospital. This was supposed to be paid back in annual instalments. One instalment was

(CONTINUED ON PAGE 26)

Record Attendance, Notable Program at Rockford Rally

Achievements Cited with Pride—Plans Made to Meet Threats to Business

OFFICERS ELECTED

President—W. H. Jennings, Jr., Rockford.

Chairman of Board—W. Herbert Stewart, Chicago.

First Vice-president—H. E. Reeves, Chicago.

Second Vice-president—R. L. Weller, Springfield.

Third Vice-president—Wade Fetzer, Jr., Chicago.

Secretary-treasurer—S. E. Moisant, Kankakee.

National Councillor—Rockwood Hosmer, Chicago.

Directors—J. J. Beattie, Rockford; H. E. Rardin, Woodstock; D. F. Giberson, Alton; L. H. Gift, Peoria; M. I. Hall, Belvidere; Frank Smith, Urbana; D. P. Frazier, Aurora; H. H. Monier, Champaign; P. B. Hosmer, Chicago; C. J. Montgomery, Rock Island; S. A. Rothermel, Chicago; N. M. Winters, Quincy.

By JAMES C. O'CONNOR

With attention divided between satisfaction over the achievements of the past year and plans to meet new threats to the business, the Illinois Association of Insurance Agents broke all attendance records at the annual convention at Rockford. Over 500 conventioners jammed the Faust and other Rockford hotels to overflowing, paid high tribute to the administration of President W. Herbert Stewart, listened and applauded speeches on mutual, state and consumer cooperative competition and elected William H. Jennings, Jr., Rockford, president for the coming year.

On the achievement side, the passage of the Illinois insurance code, favored by the agents' association from the start, was most prominent. President Stewart

(CONTINUED ON PAGE 26)



W. H. JENNINGS, JR., Rockford
New President



W. H. STEWART, Chicago
Retiring President



H. E. REEVES, Chicago
First Vice-President



SHIRLEY E. MOISANT, Kankakee
Secretary-Treasurer

Welborn Shows Film and Tells of Laboratories' Work

The new sound film, "Approved by the Underwriters," which shows the workings of Underwriters Laboratories, made a decided hit at the convention of the Illinois Association of Insurance Agents.

C. R. Welborn, Chicago, secretary Underwriters Laboratories, spoke briefly before the picture was shown. He told the agents that important changes in policy of Underwriters Laboratories were made in 1934 when A. R. Small became president. The organization is now publishing and revealing much of its findings, for the good of the insurance business and of business in general. It is Mr. Small's ambition to make Underwriters Laboratories a clearing house of technical information for stock companies.

Invites Inquiries

Mr. Welborn emphasized that Underwriters Laboratories is not in competition with other service organizations. He asked the agents to write the laboratories whenever they have a problem, stating that many times agents have

either remained uninformed or gone to a great deal of difficulty to get information which a 3 cent stamp would have brought at once. As an indication of the severity of Underwriters Laboratories tests, Mr. Welborn stated that 50 percent of the devices tried out are returned to the manufacturer with some criticism or recommendation for improvement.

The film shows in considerable detail the tests which Underwriters Laboratories gives to various devices. Among the more spectacular tests shown are the turning of a full fire hose stream on a wall which has been exposed to terrific heat for several hours and the dropping of a red hot safe several floors on flagstone, to simulate the fall of a safe in a burning building. The film opens with President Small at his desk answering a number of questions regarding Underwriters Laboratories, and inviting the public to take a trip through the plant. The various tests are explained by a narrator.

Hospitality for the women was provided by Mrs. W. H. Jennings, Jr., and Mrs. J. Beattie of Rockford. Among the ladies noticed at the convention were Mesdames W. H. Stewart, E. M. Allen, E. A. Luther, B. J. Nietschmann and C. J. Montgomery. Miss Peggy Hosmer, daughter of the new national councillor, was also in evidence.

United Front in Public Relations Urged by Allen

Must Combat Forces Threatening Economic System—Educational Program

A united front of the agents and companies is needed if public opinion is to be kept away from the forces threatening the American economic system. This was the warning sounded by E. M. Allen, executive vice-president, National Surety, in the feature address of the banquet of the Illinois Association of Insurance Agents. The potential danger is so great, Mr. Allen emphasized, that any bickering or internal discord will be fatal.

"Too long," said Mr. Allen, "have we maintained a strict line of demarcation between the status of the insurance company and that of the insurance agent. Under the present plan of operating through agents, there is a very definite family relationship that cannot be denied and that must be maintained intact to preserve the interests both of companies and agents. If we cannot get along, we will both be brushed aside."

Need Public Relations Department

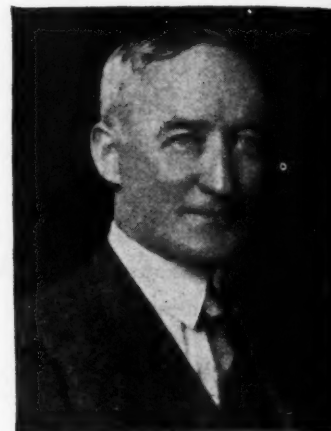
While the threat of consumer cooperatives is in the offing, Mr. Allen continued, non-agency mutual competition is very much a present problem. The only way in which these and other threats can be overcome is by a concerted plan of public relations to show the public the value of agency service. If the question of the value of insurance service is not discussed openly and frankly with customers, Mr. Allen feared that the day may come when insurance rates will be quoted with and without agency service. "Arguments offsetting mutual competition," stated Mr. Allen, "will be of no avail if customers are ignorant of the true value of the daily service available through local agents. For too many years customers have been led to believe that all insurance is about the same, that all agents are of the same caliber, that insurance should be bought on a price basis rather than from a security and service standpoint."

One of the greatest weaknesses of the present insurance system, according to Mr. Allen, is that the public has never been brought behind the scenes. Assured know less about the workings of insurance than about almost any other business. The National Association of Insurance Agents has been built to the point where there is no doubt about its strength and vigor. Now is the time for it to branch forth on a joint enterprise with the insurance companies to spread the gospel of sound insurance through the agency system. Mr. Allen did not profess to tell anyone how a joint public relations department should be operated, but he maintained that the cooperative efforts of agents and companies can be used to the best advantage only under such a plan.

Importance of Local Boards

In emphasizing the need of local boards, Mr. Allen pointed out that these organizations as a unit have seldom taken an active interest in the business affairs of their community. Individual members have been outstanding in almost every form of civic work, such as chamber of commerce committees, charitable committees, etc., but the insurance board as such is seldom known. A local board should have the same standing as the local clearing house, bar association or medical society, but it seldom has.

Former National Head Speaks to Illinois Men



E. M. ALLEN

E. M. Allen, vice-president National Surety, spoke at the Illinois agents meeting. He was formerly a local agent at Helena, Ark., and was president of the National association at the time it broke from its traditions and started on its famous career of progress. At that time there were three notables who formed a mighty triumvirate, who worked together, rebuilt the organization and started it coming. They were Mr. Allen, Fred J. Cox of Perth Amboy, N. J., and James L. Case of Norwich, Conn. Mr. Cox served as chairman of the executive committee when Mr. Allen was president for two years. Then when Mr. Cox became president Mr. Case served as chairman. Then he was succeeded by Mr. Case.

With every board having members who are admittedly outstanding and active citizens, it should not be difficult for them to direct their civic activities so that the board itself will become well known.

In conclusion, Mr. Allen warned his audience that many agents have not realized that the loss of business by one agent to mutual or other non-agency competition is a loss to all. Loss of desire for agency service on the part of any assured is a blow to the agency system and another point scored by those who favor the elimination of the middle man. Agents should realize this and give their united efforts to defending their agencies. Similarly, the public should be made to realize that middle men, including insurance agents, are substantial, tax paying citizens, and that the loss of them would be an economic body blow to every community.

Membership in Illinois at New High Point

Membership in the Illinois Association of Insurance Agents is at a high point, increasing from 388 in 1936 to 467 this year. This was largely the result of an intensive campaign last spring, in charge of D. F. Giberson, Alton, membership chairman. In his report to the convention, Mr. Giberson, who was unable to be present at the executive session, recommended a new campaign this coming spring, using National association material, supplemented by literature emphasizing local arguments for belonging to the state association. In the previous campaign, the state was divided into the same districts used for Business Development work and it is likely that this procedure will be continued.

Congratulations!

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C. L. Morris,
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New Jersey Public Cover Plan Outlined by Falls

The "New Jersey plan" of handling insurance on property in the hands of a state authority was described by Laurence E. Falls, vice-president American of Newark, at the convention of the Illinois Association of Insurance Agents in Rockford. The plan has been a pronounced success and has now been approved in two other states. Mr. Falls strongly recommended that the Illinois association work for its adoption in Illinois.

As used in New Jersey, the plan is applied only to property of distressed financial institutions which have been placed in the hands of public officers, such as the banking commissioner, insurance commissioner or building and loan commissioner for conservation, rehabilitation or liquidation. The great advantage of the plan, according to Mr. Falls, is that it gives the tax payers of the state the services of all insurance companies and organized agents, with resultant savings of thousands of dollars each year in the premium cost.

One Company of Issue

In New Jersey every fire company writing 25 percent of the total of New Jersey premiums participates in the insurance. One company issues all the policies, performs all the clerical services, collects the premiums and accounts to the other participating companies by bordereau. The American, the company of issue, carries 10 percent of the liability and the other 89 companies participate in the ratio that their 1934 premium writings in New Jersey bore to the total New Jersey premiums of the participating companies. All policies are written by members of the New Jersey Association

of Underwriters, who receive the full agency commission.

Every agent who is a member of the New Jersey association has been commissioned an agent of the American solely for the purpose of the contract, the American pledging its word that it would not use contacts to further its own interests in any way. The New Jersey association has a committee in every county to handle this business. The chairman is custodian of a supply of American policies and inspection blanks. Orders for insurance are sent by the American to the county chairman, who selects the local agent in the county best qualified to service the risk and gives him a policy and an inspection blank, together with the insurance order. The agent is required to inspect the risk, check the rates, report on the condition of the risk and the adequacy of the amount of insurance ordered, together with his recommendations for any changes or improvements which will be of advantage to the assured. The company of issue bills the state department and pays the agent his commission, remitting the proportionate amounts to the other participating companies.

State Officials Satisfied

"No broker or group of brokers," declared Mr. Falls, "can lawfully give to a state authority the guarantees which the state requires in the form of indemnity contract, to insure the supervising officials against loss of the properties entrusted to their administration. No broker or group of brokers can give this service, on widely spread numbers of individual risks, which can be given by qualified agents throughout the state, to

keep in force adequate, but not excessive, insurance at the lowest cost obtainable on the properties at risk. Similarly, no one, two or half a dozen agents in any state can provide these guarantees and these services; but a group of insurance companies, operating through and with the fully qualified agents in the state can supply these essentials, and in New Jersey, a group of 90 insurance companies, through all of the agents, members of the New Jersey Association of Underwriters, do so. I invite you to ask the commissioner of banking and insurance of the state of New Jersey whether or not this is an accurate statement of fact."

The only opposition to this plan, concluded Mr. Falls, seems to come from agents or brokers who have enjoyed most of the state business or hope to secure it as the result of political activities. While its application in New Jersey has been limited to one type of state business, there is no reason why it cannot be applied to every kind of public insurance.

Commission to County Chairmen

In answer to a question, Mr. Falls stated that the division of the commission is left entirely to the state association and that he, as a company official, knows nothing about it. The American, as the issuing company, sends at regular intervals to each county chairman the full commission on business written in that county. Every agent in the county who is a member of the association is eligible to participate in the commission, whether he actually issues a policy or not, as a recompense for his being available to serve the state.

What this plan has meant to the New Jersey Association of Underwriters is shown by the fact that membership increased from 405 to 637 during the year after it was put into effect.

The members of the Illinois association were greatly impressed with the New Jersey plan. In the executive session Thursday morning there was considerable discussion over the feasibility

American Official at the Illinois Meeting



LAURENCE E. FALLS

Vice-president Laurence E. Falls of the American of Newark was a speaker at the annual meeting of the Illinois Association of Insurance Agents. He was formerly a local agent at Cleveland. He has taken much interest in studying local agency problems.

of attempting to put it in force in Illinois. At the suggestion of L. H. Gift, Peoria, chairman public business committee, the matter was referred to the board of directors, with the probability that a mail poll would be taken of the membership to ascertain their attitude on the New Jersey plan.



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Wm. P. Rollins.....130 E. Washington Bldg.....Indianapolis, Ind.
J. Carr.....Insurance Exchange.....Des Moines, Ia.
C. F. Crist & Co., Inc.....114 W. 10th Street.....Kansas City, Mo.

Walsh Insurance Agency.....Webb-Crawford Bldg.....Birmingham, Ala.
Hicks-Brady Company.....Harry Nichol Bldg.....Nashville, Tenn.
R. A. Hease.....721 Pierce Bldg.....St. Louis, Mo.
T. H. Maenner, Inc.....210 So. 19th St.....Omaha, Nebraska
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Two New Vice-Presidents



ROSS L. WELLER, Springfield, Ill.
Second Vice-president



WADE FETZER, JR., Chicago
Third Vice-president

Hospitality at High Point at Illinois Agents Meet

Insurance company hospitality reached a high point at the convention of the Illinois Association of Insurance Agents at Rockford, with buffet luncheons being provided by insurance companies on successive days. The Home of New York was host on Wednesday, following the group conferences, and the western department of the American of Newark at Rockford provided the closing feature of the convention Thursday noon.

The Home's luncheon was informal and was held in the company headquarters on the mezzanine floor of the Faust Hotel. Announcement was made during the group sessions Wednesday morning and a large crowd turned out to be welcomed by Leonard Peterson, New York, secretary.

The American's luncheon was more elaborate and was part of the scheduled convention program. The company maintained a desk near the convention hall, staffed by several young women employees of the western department, who presented every member and guest with an invitation signed by Western Manager Robe Bird. Over 400 attended the luncheon, which was held in the grand ball room. An orchestra assisted in the jollification. W. B. Calhoun, Milwaukee, famed song bird of the National association conventions, helped honor the three companies of the American group by leading the singing of "America," "Columbia the Gem of the Ocean," and "Dixie."

RECORDED AT ROCKFORD

R. L. Weller, Springfield, new second vice-president of the Illinois association, is also vice-president of the Illinois National Casualty and assisted C. L. Morris, secretary and general manager, in representing the company at the convention.

* * *

America Fore headquarters were in charge of E. A. Henne, vice-president; J. H. Macfarlane, secretary, and E. B. Vickery, secretary and Cook county manager, all of Chicago.

* * *

Fireman's Fund headquarters were under the aegis of J. J. Ferguson, general agent, and John Pabst, manager Fireman's Fund Indemnity.

* * *

C. R. Street, Chicago, vice-president and western manager Great American, was an interested spectator at all the convention sessions.

* * *

R. D. Searles, manager, Chicago, represented the Fidelity & Deposit.

Group Section Meetings Meet with Great Favor

The plan of having group sections before the convention proper convened was tried out for the first time by the Illinois Association of Insurance Agents and met with practically unanimous favor. About 150 were present at the local board conference Wednesday morning, which was held simultaneously with the farm conference. J. J. Beattie, Rockford, presided over the local board gathering.

Much interest was manifested at the local board conference on the subject of institutional advertising. C. H. Brown, Springfield, advocated cooperative advertisements in local papers by boards, each advertisement listing the membership of the board. This he declared to be a very effective method of building up membership, since agents who do not belong to the board will realize that their customers are seeing this list and probably wondering why they are not members. He further suggested that the advertising in each case sound the note that the board comprises the cream of insurance men in the city or county.

Organization of county boards in localities where there is no city large enough to support a board received considerable attention. Accident prevention work was strongly advocated by H. E. Reeves, Chicago. Mr. Reeves declared that not only is this work a builder of public good will, but that the public expects insurance men to take an interest in it, pointing out the publicity which has been received by non-stock organizations for activities along these lines.

Mr. Beattie, in reporting the conference at the executive session of the Illinois association on Thursday morning, stated that several new boards had been organized during the past year, mostly co-extensive. Du Page county now has the first and only county board in the state, but efforts will be made to organize more.

ILLINOIS MEETING PICKUPS

Wallace Rodgers, assistant secretary Western Underwriters Association, who has been prominent in Business Development work in W. U. A. territory, was on hand for a conference with F. S. Dauwalter.

* * *

Corroon & Reynolds headquarters were in charge of D. E. Chilcote, who was en route to New York to take up his new duties as secretary and manager of the western department; J. W. Knox, Cook County manager, and W. T. Funkhouser, Springfield, general agent. Mr. Chilcote expected to arrive in New York with his family this week.

Farm Conference Is Held; R. W. Forshay Featured Speaker

R. W. Forshay, Anita, Ia., chairman rural agents committee National Association of Insurance Agents and recently appointed a member of the executive committee of the National association, was a featured speaker at the farm conference which preceded the opening of the convention of the Illinois Association of Insurance Agents. Mark I. Hall, Belvidere, chairman farm committee, presided.

The new graded allocation plan of the National association was explained by Mr. Forshay, who pointed out the aid it will give a state association in soliciting members from rural districts. He expressed the hope that, as a result of the lowered dues, the Illinois Farm Agents Association will go into the state association on a coextensive basis.

Increased Premiums in Sight

Paul Johnson, Oregon, state agent America Fore, declared that the present bumper corn crop has put money in the hands of farmers and that many of those who had been insuring in mutuals for economy's sake were now in a position to consider stock company protection. Further, there has been a great move toward mechanization and modernization of farm equipment and any trip through a rural area will reveal a large amount of new farm machinery on hand. These represent new values and agents have an opportunity to increase their writings on the strength of this.

E. B. Heffran, Rockford, state agent American of Newark, stressed the value of agency service. Farmers, he declared, can be won over to sound stock company insurance just as easily as any other assured, but they, too, must be sold on the value of the services of the agent and they must be given value received for the commissions. Insurance surveys are equally applicable to farm risks, he declared, and agents should be expected to check forms and risks and make a thorough analysis of each farm line.

Cites "Streamline" Contract

In his report at the executive session, Mr. Hall characterized the farm conference as successful and requested its continuance at future meetings. He called the attention of members to the new "streamline" insurance contract now used by the stock companies, including such features as credits for telephone and water supply. Farmers, he stated, realize that the financial stability of insurance companies is just as important as premiums and any farmer who bought bank stock is keenly aware of what assessment liability means.

Mr. Hall thanked President Stewart for his cooperation, declaring that the farm committee could not have functioned without his interest and initiative. Mr. Stewart attended the farm conference and was one of the featured speakers.

Illinois Meeting Notes

The Chicago Board was represented by J. S. Glidden, manager, and F. C. McAuliffe, chief of the Fire Insurance Patrol.

* * *

Other Chicago casualty managers present were E. L. Stephenson, United States Casualty; V. H. Bartholomew, Standard Accident, and W. O. Schilling, U. S. F. & G.

* * *

Headquarters for the Phoenix of London were in charge of J. E. Mattimore, Cook county manager, and H. A. McKenna, Chicago manager Phoenix Indemnity.

* * *

North America headquarters were presided over by W. H. Riker, fire insurance manager, and A. H. Benjamin, executive special agent Indemnity of North America.

Robe Bird Relates Rockford's Early Insurance History

The early insurance history of Rockford and the reasons for its becoming a notable middle western capital of insurance were outlined by Robe Bird, vice-president and western manager, American of Newark, in welcoming the Illinois Association of Insurance Agents. Mr. Bird stated that people who are unacquainted with the history of the town almost invariably ask why it became the western headquarters of two large fire insurance companies.

Rockford as an insurance center owes its prominence almost entirely to the late Charles E. Sheldon. He organized the Rockford Fire Insurance Company and operated it successfully for a number of years. During this time he also became general agent for the Security of New Haven. At a time when larger companies began to take over local carriers for the purpose of acquiring an agency plant, Mr. Sheldon merged his company with the American of Newark with the understanding that the western department was to be established in the main at Rockford. He became western manager of the American and continued in that position until his death in 1924. For a time he also continued as general agent of the Security, until that company decided to open its own western department. Mr. Sheldon convinced the Security that its western department should also be in Rockford and so in 1898 a second western department was established there. Walter D. Williams, now president of the company, was the first and only western manager of the Security.

Other Rockford Companies

While the American and Security are well known as having their headquarters at Rockford, Mr. Bird pointed out that many insurance men do not know that the Forest City Fire, established in 1874, is also located there. It was taken over by the National of Hartford in 1914, but its home office is still at Rockford. The Rockford Life is also domiciled there.

Automatic pencils were distributed by the Hartford group to callers at its headquarters. Hospitality was dispensed by G. W. Fischer, underwriting superintendent; Edward Stanton, marine superintendent; and J. W. Burden, automobile superintendent, for the fire companies; J. W. Reitze, agency superintendent; H. W. Rutherford, claims attorney, and Paul Girard, burglary superintendent, for the Hartford Accident & Indemnity, and Melvin Timmons, special agent, for the Hartford Livestock.

Agents Can Now Sign New Contract with Safety

Illinois agents with less than eight employees were advised that they can sign the new agency contract with safety by Alvin S. Keys, Springfield, chairman of the board of the Illinois Association of Insurance Agents, in his report before the executive session. A number of companies, Mr. Keys stated, have voluntarily sent their agents the letter of interpretation agreed upon with the National Association of Insurance Agents and those which have not will do so on request.

For larger agencies, there are a number of matters in the Illinois unemployment compensation law which have to be ironed out. The special committee created for the study of agency contracts was continued in existence and Mr. Keys promised to give information on this aspect as quickly as possible.

The postage allowance of 5 cents a policy, Mr. Keys declared, has at no time been an issue in the discussion over agency contracts.

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Record Attendance, Notable Program

(CONTINUED FROM PAGE 21)

and the legislative committee had labored unceasingly for it and only Insurance Director Ernest Palmer could have felt keener personal satisfaction over its successful conclusion than did the leaders of the Illinois agents. The fact that membership in the association was at a peak, that its president had been designated by the National Association of Insurance Agents as having contributed the greatest service to insurance during the past year, that its finances were in excellent condition, with national dues paid in advance, and that a general spirit of cooperation has pervaded recent conferences with companies were all matters noted with much approval.

Rally to Fight Threats

On the debit side, the continual loss of financed automobile business was the only present evil for which a remedy has not been found. The other debits were either threats for the future or opposition which the association is now fighting tooth and nail. Throughout committee reports and scheduled speeches there ran plans for fighting these threats. From G. F. Risley, Milwaukee, the members heard the Wisconsin state fire fund excoriated and arguments advanced for combating similar governmental competition in other states. From Vice-president L. E. Falls of the American of Newark they heard an account of how New Jersey agents secured and kept public business. From Vice-president E. M. Allen of the National Surety they heard consumers' cooperatives denounced, the agency system upheld and an appeal for agents and companies to unite in their own defense. And from F. S. Dauwalter they heard carefully prepared arguments for combating mutual and reciprocal competition.

Mr. Jennings, the new president, was advanced from second vice-president, since J. Edward Martin, Peoria, who had been first vice-president, was unable to accept any office in the association this year. Operating his own agency, Mr. Jennings has been a prominent figure in both the state association and the Rockford Board for many years, having been secretary-treasurer of the latter organization for a long time. He played a prominent role in convention arrangements and there was never any question as to his choice after it became apparent that Mr. Martin was necessarily out of the running.

Stewart Chairman of Board

Although Retiring President Stewart would not allow himself to be considered for another term, the Illinois association will still have the benefit of his services and counsel in the important position of chairman of the board. With the double duty of president of the state association while the insurance code was going through the legislature and chairman of the National association's surety committee during long drawn out negotiations, Mr. Stewart had carried a heavy burden during the past year and his desire to give more time to his own business was sympathetically understood.

H. Edward Reeves, who becomes first vice-president, is vice-president of the prominent Chicago general agency of Joyce & Co. R. L. Weller, second vice-president, operates his own agency in Springfield. Wade Fetzner, Jr., the new third vice-president, is vice-president of W. A. Alexander & Co., Chicago. He is a fine representative of the younger insurance generation and has achieved prominence at both state and national association meetings as a student of the business and a leader in developing sales and agency management methods. All of these men are looked upon as ideal future presidential timber. Rockwood Hosmer, who was elected national councillor, is a past president of the Illinois

association, chairman of the legislative committee during the past difficult year and for a long time has been a strong force in the guiding of the association.

First Two-Day Session

Traditionally, the Illinois association has confined its conventions to one day, but this year it broke away from custom, holding the convention sessions Wednesday afternoon and Thursday morning, preceded by two group conferences Wednesday morning. Every one appeared pleased with the new arrangement and it is likely that it will be continued.

Rockford was well filled with insurance men by Tuesday night and the group conferences drew a surprisingly large attendance. The convention hall was filled to overflowing when President Stewart called the convention to order and Robe Bird, Rockford, vice-president and western manager American of Newark, welcomed the convention to his home city. Alvin S. Keys, Springfield, chairman of the board, responded and the convention got under way with Mr. Stewart's report, which sounded the first note of militancy against the various threats of which the association was so keenly aware. L. E. Falls, Newark, vice-president American, and G. F. Risley, Milwaukee, special agent Great American, took up the gage of battle with well received talks on the public business situation in New Jersey and the Wisconsin state fire fund. The afternoon session closed with a showing of a new sound film on the work of Underwriters Laboratories, which was introduced by C. R. Welborn, Chicago, secretary of that organization.

Banquet Room Overflowing

General Counsel W. H. Bennett of the National association and E. M. Allen, New York, executive vice-president National Surety, were the featured speakers at the banquet Wednesday evening. The committee had optimistically hoped for an attendance of 400 and when over 500 people presented themselves for a meal, the situation became serious. Eventually, all were fed, but it was necessary to place some tables outside the doors of the banquet hall.

Mr. Bennett described the negotiations with the companies over the new agency contracts and his report of the successful conclusion drew hearty applause. He praised the state association for its fight on cooperatives and promised them the unqualified backing of the National organization. Mr. Allen's appeal for a close alliance between agents and companies to fight common enemies made a deep impression on his audience. Himself a former agent and a past president of the National Association of Insurance Agents, Mr. Allen delivered his remarks in a sincere, conversational tone which commanded attention and approval.

Dauwalter on Morning Program

"Security Behind the Contract" was the title of the Thursday morning address of F. S. Dauwalter, director Business Development Office. Mr. Dauwalter reviewed his famed formula for evaluating the assets of an insurance company and outlined the arguments which he has successfully used for meeting mutual and reciprocal competition. The Illinois agents have taken a great interest in Business Development work and a full house was on hand to get more ammunition from the man behind these activities. In an informal discussion following his talk, Mr. Dauwalter related several recent experiences on his country-wide trip, involving actual contact with assured.

Following Mr. Dauwalter's talk, the convention went into executive session. National Councillor F. J. Budelier, Rock Island, reported on the Dallas conven-

tion and other activities of the National association. Secretary-Treasurer S. E. Moisant, Kankakee, reported finances in excellent condition and the membership, farm, automobile, public relations, local board, grievance, forms, casualty and surety and fire and accident prevention committee reports were heard and approved. Chairman Rockwood Hosmer of the legislative committee was highly praised for his work in securing passage of the insurance code, which is almost entirely acceptable to the agents. Following the adoption of a resolution memorializing members who had died during the year, the new officers were elected and the convention adjourned.

Review of Year's Activities Given by the President

(CONTINUED FROM PAGE 21)

fire insurance plan.

President Stewart referred to the passage of the insurance code in Illinois as an outstanding piece of legislation. The agents, he said, owe a debt of gratitude to Rockwood Hosmer of Chicago, chairman of the legislative committee, and his associates.

The finances, Mr. Stewart said, are in good condition largely due to Finance Chairman R. H. Monier of Champaign, and Vice-Chairman P. B. Hosmer of Chicago.

Study Applications for Licenses

From time to time the Illinois association secured a list of applicants for agents and brokers licenses. They were dissected and distributed to the local board. The study brought to light a number of applicants that were unqualified. Mr. Stewart said that one of the greatest detriments to the business is the part time man who knows little about insurance. The companies and agents, he said, are responsible to a large measure for this condition. He advised a stiffening up of the examinations by making the quiz more difficult.

At the last annual meeting the administration was charged with the duty of appointing a committee on public business. High officials in other states have expressed their opposition to the writing of public business by political agents. The president stated that the practice of coercion, whether it come from politicians or financial institutions, is detrimental to insurance.

President Stewart said a large part of the strength of the state association comes from local boards. There should be more of these local associations.

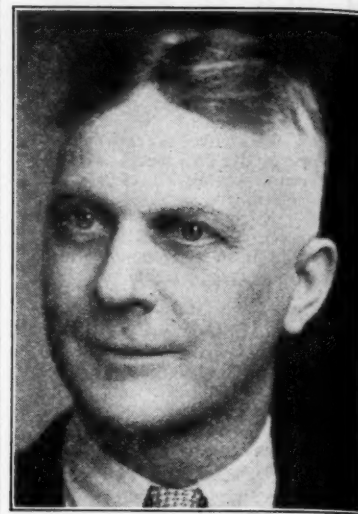
Automobile accident frequency, President Stewart said, still continues. He regretted that neither the driver's license bill nor the financial responsibility act were passed in Illinois.

Advertisement of Loan Concern

It is estimated, he said, that during the last year over \$50,000,000 of premiums of financed automobiles were written by certain companies for major finance companies without any commission paid to local agents. He referred to a recent advertisement of a financial institution offering to make these time loans on automobiles and it stated that the concern was in no way interested in the insurance commission. It did desire, the advertisement said, to get the agent's assistance in contacting prospective purchasers. The advertisement stated that the concern placed its insurance with a local agent without any commission being paid to it.

The agents, Mr. Stewart declared, are finding a ready market for a large part of their compensation business as it has become more profitable. The pressure has been extremely lessened during the last few years. There was an average reduction of rate in Illinois of about 10 percent. The occupational disease act has been in effect a little over a year. He referred to the assigned risk act for O.D. risks where companies were unwilling to assume the liability. He

Farm Chairman



MARK I. HALL, Belvidere, Ill.

said that the plan seems to work satisfactorily. The assignment of occupational disease compensation, Mr. Stewart said, carries with it the assignment of the workmen's compensation risk. The association, he declared, has never subscribed to the theory of writing any business without the payment of commission and does not subscribe to any assignment of risks to companies without the payment of commissions.

State Officials Praised

President Stewart referred to the consumer cooperative movement showing its great growth and its effect on the retailer and distributor. Agents, he said, are vitally interested. Insurance, he said, may be undermined by this growing menace.

President Stewart paid his respects to Governor Horner and Insurance Director Ernest Palmer, saying that they have shown a favorable attitude toward all legitimate insurance interests. He said, "The insurance department headed by Ernest Palmer, assisted by a competent and able organization, now occupies a position in the first ranks of insurance supervision."

President Stewart stated that there is a more favorable attitude on part of companies in considering problems which affect both them and the agents. There has been a greater willingness on their part to discuss such issues with the agents.

Subsidized Competition of Ill-Managed Fund Is Hit

(CONTINUED FROM PAGE 21)

paid in 1931, but the legislature then repealed the law and deeded the buildings over to the fire insurance fund. In 1936 the fund received \$4,000 in rent from these buildings and spent for repairs and other maintenance over \$5,000.

Not satisfied with this, the legislature in 1937 "borrowed" another \$800,000 for another office building. This is also supposed to be amortized in annual instalments, but Mr. Risley pointed to the past record as an indication of what would happen. The fund will have to sell its negotiable securities to raise the funds for this "loan."

Hard to Get Out of Fund

Once a municipality or other governmental unit insures its property in the state fund, declared Mr. Risley, it is difficult to get the insurance back into the hands of the companies. There is no cancellation provision in the policies issued by the fund and hence it is impossible for the government to get out before expiration. The law prohibits political subdivisions from insuring any

portion of the property elsewhere if it is insured in the fund, thus leaving no protection against the state. In one case, the normal school at Superior was not insured through an error and a large loss was unpaid.

After pointing out these features, Mr. Risley brought out the fact that the Wisconsin fire insurance fund has often been cited as a model of government insurance and has frequently been used as an argument for similar funds elsewhere. Recently a committee of the Wisconsin legislature recommended a compulsory state fire insurance fund for all property in the state. It is essential, Mr. Risley declared, that insurance men in every state know of these features of the Wisconsin fund and thus be prepared to combat the inevitable proposals for similar legislation in their states.

C. J. Montgomery Advocates Separation in Casualty Field; Gives Auto Report

C. J. Montgomery of Rock Island, reporting as chairman of the automobile committee at the meeting of the Illinois Association of Insurance Agents, advocated enactment of a driver's license law in Illinois. He mentioned the estimate of the National Safety Council that if such a law were in effect some 300 to 400 lives would be saved each year in the state. It is a means of protection for the careful driver. The only ones penalized are the negligent, incompetent or reckless drivers.

Insurance people must do something to improve the automobile accident situation or compulsory insurance is inevitable, according to Mr. Montgomery.

A solution must be found to the problem of insuring long haul trucks, he said, if the business is to be saved to fire and casualty companies. The alternative may be an association of truck line operators. Two large eastern casualty companies and one on the coast are writing the casualty feature of such risks freely, he said.

Advocates Separation

Mr. Montgomery advocated separation in the casualty field. "Agents," he said, "should choose between mutual and old line insurance companies. It is a bad practice for any agency to represent a good old line liability company and then take in any kind of a cut rate stock or mutual, regardless of their financial standing. This could be cured by the companies enforcing a separation rule the same as the fire companies have done."

Mr. Montgomery contended that the rating bureaus should inform their agents at least a month before the new rates take effect. He implored the fire companies to keep the collision rates as low as possible so as to promote the sale of this cover.

He referred to the automobile finance situation. He suggested that the federal trade commission could properly investigate the practices of finance companies retaining part of the premium. Investigation of this subject by insurance departments is blocked because they lack jurisdiction over finance companies. One department has ruled that the making of a profit from insurance by lenders of money on financed automobiles is evidence of illegal insurance activities.

SIDELINE PICKUPS

American of Newark Host Mrs. Herring Honored Company Headquarters

The western department of the American of Newark was a generous host to the convention of the Illinois Association of Insurance Agents at Rockford. In addition to serving a buffet luncheon which closed the convention, the American maintained large and popular headquarters in the Hotel Faust and distributed the morning paper to conventioners Wednesday and Thursday. An information desk was also maintained off the convention hall. Vice-president Robe Bird welcomed the convention to Rockford and Vice-president L. E. Falls of the home office was a featured speaker. Almost the entire staff of the American's Rockford office was present, including Assistant Managers Fred D. Hess and H. B. Elmers and Agency Superintendent J. G. McFarland.

* * *

Mrs. Lillian L. Herring, assistant secretary of the Illinois association in charge of the Chicago office, as usual, handled innumerable details to the satisfaction of every one. At the banquet, it was announced that her maiden name was Laurie and those in attendance, led by W. B. Calhoun, sang "Annie Laurie" in her honor. Although this honor was somewhat unusual, Mrs. Herring took a bow with her usual grace.

* * *

In the absence of President Walter D. Williams, E. T. Tanner, executive assistant, represented the Security of New Haven. A printed directory of the convention was distributed with the compliments of the Security.

* * *

Although Manager F. M. Gund was unable to attend the convention, a large delegation from the Crum & Forster group was on hand. It included S. H. Quackenbush, manager, Westchester Fire; C. J. Thro and W. A. Seeley, agency superintendents, Freeport, and R. I. Read, Chicago, Cook county manager.

* * *

The spiral bound memorandum books which have become a convention feature were distributed by the Royal-Liverpool group. The delegation was headed by E. W. Hotchkin, New York, manager western department, supplemented by

but it has made no move to investigate such activities.

The plan of bank financing offers a real offensive which makes the bank fraternity a powerful ally of the agent. It has developed into a nationwide movement, he said.

Mr. Montgomery contended that there is no need of a master policy in the bank plan. Under an individual policy issued to the purchaser by an agent of his own choice in a responsible company with the recently approved loss payable clause attached, the banks can get better protection than a master policy would afford. The bank plan should be properly established as a contributing agency enterprise, not for one agent or one company, but for the benefit of the entire business, he said.

G. C. Peterson, Chicago manager; B. F. Peters, executive special agent; E. Irving Flery, manager, and John Murphy, production manager Royal and Eagle Indemnity, and Freeman Read, manager Globe Indemnity, all of Chicago.

* * *

R. W. Troxell, Springfield, was chairman of the nominating committee, which included L. B. Tuthill, Anna, and L. M. Drake, Chicago. R. W. Miller, Chicago,

was chairman of the resolutions committee.

* * *

The large North British headquarters were in charge of J. L. Mylod, New York, secretary. Also in attendance were W. F. Sweazea, manager; E. F. Schneider, assistant manager; W. R. Kirk, agency superintendent, and L. G. Sylvester, brokerage superintendent, all of the Chicago office.

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Tribute Paid to Stewart by Calhoun at Banquet

A tribute to W. Herbert Stewart, president of the Illinois Association of Insurance Agents, was paid by William B. Calhoun, Milwaukee, past president National Association of Insurance Agents, at the annual banquet of the Illinois association. Mr. Calhoun brought the greetings of the Wisconsin association to its sister state.

Reminding his audience that Mr. Stewart had been awarded the Woodworth memorial plaque at the National association convention in Dallas for the most outstanding service to insurance during the past year, Mr. Calhoun stated that, although this was given officially for his services as chairman of the surety committee, he felt sure the executive committee must have also had in mind his work for the passage of the Illinois insurance code. As chairman of the surety committee, Mr. Stewart finally settled the long drawn out argument with the companies over commissions on large contract bonds, getting the companies to agree to take a proportionate reduction in the allowance for home office and underwriting expense whenever the commission was reduced in order to lower the rate. The code Mr. Calhoun characterized as an outstanding piece of legislation and declared that the entire state of Wisconsin likes and admires Mr. Stewart and envies Illinois for its new laws.

Mr. Calhoun got a hearty laugh from his audience by addressing them as "laborers in the vineyard, coded and supervised by Ernie Palmer."

Agents' Aid in Enforcing Illinois Code Is Urged

Illinois agents have a continuing duty toward enforcement of the new code for whose passage they worked so hard, Rockwood Hosmer, chairman legislative committee, urged in his report. The statute means little without enforcement, and in the administration end agents can be helpful. They should be patient, he said, and should live up to the spirit as well as the letter of the law, reporting to the department any serious infractions that they should observe. This should be done through the association, giving legitimate assistance and not dealing with petty grievances.

Mr. Hosmer said no more constructive body of insurance laws has been passed in this country than the Illinois code. He gave to Insurance Director Palmer much of the credit for its adoption, although many organizations contributed. Senator Keane and Representatives Fitzgerald and Adamowski also were recognized for the great aid they gave in surmounting what appeared to be discouraging odds, with powerful interests at work to defeat the bill.

Comments on Lloyds Project

The chief of these, he said, were interests allied with London Lloyds which today "are unwilling to concede that it is fair to place Lloyds upon the same footing with other insurance carriers in this state. An attempt will be made to secure modification of the Lloyds provisions in the code during the special sessions, if and when the governor calls one, but we sincerely hope that no provision for such revision will be made in the call."

Mr. Hosmer said that the agents hoped to secure passage at the last session of the driver's license and financial responsibility laws, but although these failed of adoption there is still hope that this very desirable legislation will be passed. He gave a resumé of the outstanding insurance measures in the session, there having been 185 bills introduced affecting insurance, of which 27 were enacted into law.

"Considerable legislation was passed beneficial to the buyer of insurance and hence beneficial to us," Mr. Hosmer

said, "for I do not believe we can permanently have one without the other. No legislation was passed seriously adversely affecting our interests."

He noted especially five bills which failed to pass, one to increase workmen's compensation benefits to about two-thirds average weekly earnings, a second prohibiting a company from renewing a policy without written order from assured, third a bill providing monthly returns must be made to the department showing number of policies issued and providing for a tax of 50 cents per policy, fourth a bill to create a commission of five to supervise insurance, and fifth, a monopolistic workmen's compensation state fund bill.

"Probably only the action of the casualty companies in agreeing to accept the assigned risk plan for occupational disease coverage staved off its passage," Mr. Hosmer said in connection with the latter proposal.

Convention Sidelights

Supporting Executive Vice-president E. M. Allen of the National Surety were H. B. Johnson, vice-president, and E. A. Luther, regional representative, from the home office, and B. J. Nietschmann, Chicago manager.

A. F. Powrie, Chicago, manager Fire Association and president Western Underwriters Association, was introduced at the banquet.

Grant Bulkley, Chicago, secretary, represented the Springfield F. & M.

The large headquarters of the Home of New York, which were the scene of a buffet luncheon on Wednesday, were in charge of Leonard Peterson, secretary, New York, supported by a large field force. R. M. Simpson, Chicago, vice-president Newhouse & Sayre, who handle the Home's marine business, was also present.

Discount Threat of Nationalization of Insurance

(CONTINUED FROM PAGE 3)

should the recession continue for any length of time.

At the same time, the President never has seriously considered the nationalization of insurance, railroads or utilities, as is believed in some quarters. His policies, while leaning strongly to the left, have ever been predicated on an industry under private management although, perhaps, with a measure of federal regulation and control.

Nor has Congress, despite four years of slavish obedience to the President's demands, ever been sufficiently servile to permit a nationalization scheme to be carried out. Even the first session of his administration was not so perfectly under control as to permit that; and the Congress of today has learned that the President is vulnerable and would jeer down any such demand.

Rather than nationalization, Mr. Roosevelt's answer to unrestricted resistance to his policies on the part of major industries has been competition. The TVA and the proposal for "little TVA's," putting the government into the power business, is his challenge to the utilities. The railroads are under administration control through the Interstate Commerce Commission, and the government has one foot well into the insurance business with the old-age annuities of the social security act and the mortgage guarantees of the federal housing administration. And the insurance companies of the country are one of the most important markets for the securities which flow out of Washington in an unending flood as the national debt climbs skyward.

VIEWS IN HARTFORD

HARTFORD—Reaction of life insurance men in Hartford to the assertion of a Washington information service that nationalization of railroads, utilities

and life companies is a possibility within less than a year, was one of emphatic doubt.

Loath for the most part to comment, on the ground that current gloomy sentiment needs little added to its worries, officials here felt that the "dope" doesn't make sense. Admittedly, they say, government ownership of the railroads is well within the realm of possibility, but there is no reason to fear such a fate for the power utilities and life insurance, at least until collectivism is farther advanced than it is now.

It was also remarked that within the administration, sentiment can be found for almost any radical departure in government, but chances for success in Congress are quite another thing.

All in all, insurance men here seem to feel that it will be safe to await some more tangible evidence of plans to take over their business before becoming unduly excited by the prospect.

AGENTS CAN STEM MOVE

SAN FRANCISCO — Commenting upon the statement of Hugh Johnson that insurance and other industries might become nationalized, Henry E. North, vice-president Metropolitan Life, in an address to the San Francisco Life Underwriters Association at the closing session of the eight weeks seminar, pointed out that such a movement, if it actually exists, may be stemmed by the intelligence of the agents. "I am not an alarmist nor am I attempting to make a political speech" said Mr. North, "but this information came over the public radio and it may have an effect upon certain people of this country." He pointed to the work of the American College of Life Underwriters in education of life insurance agents and the proper writing of business as one of the important bulwarks against such a movement, warning those present that their work is not just for a day but rather deals with the future and the happiness of the people of the country. He urged the agents to "take their job seriously" and to see that they leave proper impressions on the sands of time.

One of the news letter services in Washington suggested the possibility of nationalization of insurance, railroads and utilities and Gen. Hugh Johnson, in a recent radio broadcast, made the same statement.

Close Study Is Being Given Auto Collision Trend

(CONTINUED FROM PAGE 3)

see the possibility of losing their insurance connections it may be that they will reach the point where they will be willing to take helpful measures.

Even though losses are being overpaid on the average, some observers believe that this is a comparatively minor factor in the situation. The dealer may be charging retail prices for repairs and may be padding his estimates here and there, but loss men say that the situation is checked closely enough so that it is a rare loss that costs more than \$10 or \$15 more than what the rock bottom figure would be.

The underlying factor seems to be an increase in accident frequency. One of the important adjustment companies, for instance, this year is handling twice as many collision claims as it did last year. Not only is there an increase in the accident frequency but in the average cost per accident, disregarding entirely the question of whether the dealers are conniving to get more than they should for repairs. Each year for the past few years the construction of new cars has been such as to render the repair of minor bruises more expensive. This year, for instance, two cars have come out with head lights imbedded in the fenders. A new fender today may cost \$70, whereas in the past the standard cost of a fender was \$15. The shiny grill

work in front of the radiator is expensive, if useless trimming.

Then there is the tremendous speed of new cars. Each year motorists get to thinking in terms of higher and higher speed—85, 90 and 100 miles an hour. A large proportion of the collision losses occur in the open road where the cars are traveling at these speeds. In such a collision, if the adjuster is able to persuade the assured to accept a rebuilding of his car as indemnity, he has done a close job of adjusting, even if the cost is \$400 or \$500.

Collision insurance has never been a profitable line for the insurance companies. Prior to the time that the finance companies started demanding this coverage, it was purchased principally by responsible persons. It was high cost coverage and appealed principally to high class assured. Now that it is being universally carried by contract purchasers of automobiles, there is no selection and probably the coverage is carried by a larger percentage of accident prone, irresponsible motorists than heretofore.

Until this year, insurance companies were rather complacent about collision losses because they were having such a large profit so far as fire and theft coverage is concerned. Now a number of the companies fear that they will end the year with no profit or possibly an overall loss in their automobile accounts. In some companies the running loss ratio this year is 50 percent higher than it was last year.

Finance companies and insurance companies are prone to blame automobile dealers for part of the increased cost of collision insurance. Yet those who are in touch with the dealers say that the dealers are resentful because of the close scrutiny of their repair bills on the part of insurance companies. They say that the insurers are driving such hard bargains that insurance company work is not considered desirable any more. It is probably a mistake for anyone of the parties at interest to try to fix the blame on the other. There may be shortcomings all around but the final answer is probably not sloppy adjusting, finance company pressure or dealer conniving.

One of the important automobile writers has reached the conclusion that the bad situation is due to high speed of automobiles, present type of automobile construction, and inadequate rates. This company believes that there is very little chance of getting the automobile manufacturers to change the design or limit the speed of cars and hence the remedy is in the direction of rate increases. This company, as a matter of fact, is quite hopeful about the prospective results next year. The collision rate increases recently put in effect nationwide will not be reflected to any great extent this year, but they should count heavily in 1938.

Some of the automobile insurance men who are much concerned over the collision loss ratio believe that the fire insurance companies should go in for safety work in a serious way. They feel that the fire companies should emulate the example of casualty writing companies and support safety crusades of one kind and another.

W. L. Wallace Busy in East

Vice-president W. L. Wallace, Pacific National Fire, will be in Philadelphia Tuesday for formal opening of the conveniently located new offices of the eastern department of his company. Mr. Wallace is going to Philadelphia from Chicago where he has been for several days interviewing candidates for appointment as manager of a western department which Mr. Wallace hopes will be functioning by the first of the year. Mr. Wallace will attend the meeting of the National Association of Insurance Commissioners in New York and then will stop in Chicago in an endeavor to complete arrangements for the western department. He expects to get back to San Francisco shortly before Christmas.

The eastern department was started 3½ years ago.

Two Losses to Hybrid Seed Corn Point to New Hazard

(CONTINUED FROM PAGE 6)

a new and somewhat speculative enterprise. The supply of the corn may increase to such an extent that the price will be forced down sharply or the market may turn dull.

Regardless of what rate is charged, some underwriters believe that there should be a limit of liability per bushel.

Details of Galva Loss

The loss near Galva, Ill., occurred Oct. 18. The risk was owned by Morgan Brothers. The fire is believed to have originated on the second floor of the dryer section, resulting in a total loss to building and contents. The owner set the value of the seed corn dryer-elevator-warehouse building at \$5,000; machinery equipment \$1,500 and stock \$15,350. Some 2,300 bushels of seed corn, valued by the owner at \$4.50 per bushel, with a market value of \$6.50, and 100 bushels of foundation stock, valued by the owner at \$50 per bushel, were destroyed.

The building was frame, one and two stories high, without basement; cupola height was 34 feet; concrete and wood floors, first, wood above. It was occupied as seed corn dryer, elevator and warehouse. The corn was dried by hot air from oil fuel furnace which was fed by gravity from a 50-gallon barrel inside the building. The burner was of an approved type. The hot air was drawn from the furnace by a power fan which circulated the air through wooden ducts and tunnels in the dryer section. The temperature of the air was approximately 110 degrees. The furnace had no stack and the products of combustion were drawn through with the hot air. The motor operating the fan was of the brush type.

Origin of Fire

The Illinois Inspection Bureau cites one of the three following probabilities of origin of the fire:

Motor on blower was a three horsepower brush type. It was rented and had been giving considerable trouble, sparking when starting. It is possible that a spark smoldered and burst into flame after the attendants had left the building.

The electric wiring was believed to be a good installation, but a home made starting resistance for motor was used. This resistance may not have been heavy enough to carry the motor load.

The oil fuel furnace has no stacks, all products of combustion being blown with the air through the ducts and tunnel.

War Risk Curtailment Is Imminent Marine Move

(CONTINUED FROM PAGE 4)

readily bankrupt many companies."

He said at present the basic marine policies do not include war risks and do not or shortly will not include any risk of piracy. Even when war risk is covered, the policy must be especially endorsed and extra premium paid for the protection. Any premiums quoted contemplate prompt sailing of vessels.

Current war risk clauses include risks of "capture, seizure, destruction or damage by means of war, piracy, taking at sea, arrests, restraint and detention and other war like operations and acts of kings, princes and peoples in prosecution of hostilities." Due to activities of the League of Nations, a new provision has been added, the clause reading: "or in the application of sanctions under international agreement, whether before or after declaration of war, and whether by a belligerent or otherwise."

Civil War Included

Since war risk clauses now have been designed to cover civil war, the clause provides "including factions engaged in civil war, rebellion, revolution or insurrection or civil strife arising therefrom."

Then in order to meet present day war conditions, the clause covers "the risk of aerial bombardment, floating or stationary mines and stray or derelict torpedoes."

War risk insurance was little known until the time of the world war, he said, when it was found the method giving this coverage under marine forms was unsatisfactory. The policy was initiated of excluding war risk protection in marine policies and providing it in a separate policy.

Redraft Another Clause

After the world war it became the practice to include war risks in marine policies, always by separate endorsement, for an extra premium. There was quite a flurry among marine underwriters during the Ethiopian invasion by Italy, and again in the Spanish civil war. Merchants expected protection on merchandise destined to Spain which had to be diverted to other ports, and marine underwriters were forced to devise clauses which took care of these needs so far as possible. However, it was feared the words "civil commotions" in the endorsement covering damage by "strikers, locked out workmen and persons taking part in labor disturbances, riots and civil commotions" might be construed to include the risk of civil war. There is now in course of preparation an amended strike clause which will make it clear the provision does not extend to cover civil war, revolution, rebellion or insurrection, and which also will exclude risks of piracy.

Mr. Lawson conducted an open forum after his talk. H. J. Korch, Northern Trust Co., Chicago, presiding.

Bicker Over Fees and Claims in M. L. U. Case

(CONTINUED FROM PAGE 4)

more than \$250,000 worth of claims against MLU.

Coates, represented by Howell & Jacobs, in turn has filed, as attorney-in-fact for MLU subscribers, objections to a partial allowance of fees to Ringolsky, Boatright & Jacobs, and the Aylwards and O'Brien, O'Malley attorneys. Coates' petition claims that O'Malley was in temporary charge only of the reciprocal, that Coates was called upon to defend an involuntary petition in bankruptcy filed in federal court by certain subscribers, and that O'Malley had no power under Missouri statutes to employ attorneys to represent him in the two bankruptcy actions in which MLU was involved during O'Malley's term in charge of the reciprocal. O'Malley was not, the petition asserts, in charge of assets until the liquidation order was issued Aug. 1, 1937.

Examination Report Is Made

Illinois and South Carolina Department Findings on Protection Mutual and Mill Owners Mutual of Chicago

The Illinois and South Carolina departments have made a convention examination of the Protection Mutual Fire and Mill Owners Mutual Fire of Chicago, both under the same management. The report states that the excess of qualified Canadian securities over the amount which is permitted by the Illinois code and other investments which do not qualify under the provisions should be disposed of as soon as practicable. Subsequent to the date of the report part of the securities had been disposed of. Section 127 of the Illinois code provides that any domestic company transacting business in the Dominion of Canada or any province may invest, in addition to its required deposit not to exceed 2 percent of its admitted assets, in such securities as admitted like companies by the laws of the Dominion or province.

The examination is as of June 30. Protection Mutual assets are \$1,312,904,

Sixteen Years' Experience in Fire Insurance Field

Last year THE NATIONAL UNDERWRITER published a table showing the fire insurance experience for the last 15 years and now is added the experience of last year. The loss ratio in 1936 increased five points and the burning ratio went up. The average rate of premium was about the same as the year before. There has been a downward trend in average rate of premium, the descent starting in

1922 when the average rate was 1 percent. There has been an abnormally low burning ratio for the last four years. Returning to 1932, 1931 and 1930, the burning ratios were almost 50 percent. The amount of liability went down somewhat in 1936 and hence the premiums showed quite a decline. The decrease in premiums was largely due to decrease in rates. The table is:

| | Risks Written | Premium Received | Losses Paid | Average Rate of Prem. Pct. | Burning Ratio Pct. of Paid to Risks Written Pct. | Loss Ratio Pct. of Losses Paid to Premiums Pct. |
|-----------|---------------------|------------------|-----------------|----------------------------|--|---|
| 1921..... | \$ 49,373,684,409 | \$ 520,800,771 | \$ 303,513,839 | 1.05 | .61 | 58.3 |
| 1922..... | 54,632,686,788 | 545,463,196 | 311,687,842 | 1.00 | .57 | 57.1 |
| 1923..... | 64,212,007,615 | 622,240,735 | 329,112,310 | .97 | .51 | 52.9 |
| 1924..... | 63,277,574,352 | 616,658,714 | 341,431,657 | .97 | .54 | 55.4 |
| 1925..... | 68,227,758,159 | 661,457,254 | 364,213,919 | .97 | .54 | 55.1 |
| 1926..... | 74,791,178,945 | 699,058,896 | 367,611,295 | .93 | .49 | 52.6 |
| 1927..... | 71,141,015,500 | 673,053,184 | 313,355,834 | .95 | .44 | 46.6 |
| 1928..... | 73,218,703,220 | 675,441,184 | 311,198,710 | .92 | .43 | 46.1 |
| 1929..... | 77,355,797,114 | 687,732,495 | 317,718,274 | .89 | .41 | 46.2 |
| 1930..... | 70,997,367,695 | 609,039,337 | 346,110,887 | .86 | .49 | 56.8 |
| 1931..... | 66,883,275,999 | 539,257,220 | 319,387,107 | .81 | .48 | 59.2 |
| 1932..... | 60,179,367,141 | 469,310,688 | 288,774,979 | .78 | .48 | 61.5 |
| 1933..... | 58,118,765,056 | 431,574,700 | 196,598,685 | .74 | .34 | 45.6 |
| 1934..... | 63,858,663,383 | 456,877,233 | 195,569,246 | .72 | .31 | 42.8 |
| 1935..... | 65,322,260,987 | 460,748,917 | 154,196,767 | .71 | .24 | 33.5 |
| 1936..... | 63,179,552,334 | 447,330,231 | 172,400,078 | .71 | .27 | 38.5 |
| | \$1,044,769,658,697 | \$9,116,044,755 | \$4,632,381,429 | .87 | .45 | 50.5 |

premium reserve \$676,511, surplus \$608,686. The report says that the surplus is approximately 59 percent of the assets. Due to lower market quotations on stocks and bonds and also investments in unqualified stocks, a decrease in surplus during the six months is shown. The loss ratio experience has been low. The report says the company is in sound financial condition. The two companies are members of the Associated Factory Mutual Fire Insurance Companies, there being 23 in all. Of the business written 60 percent goes to the Protection Mutual and 40 to the Mill Owners. The chief operating officers are H. N. Wade, chairman of the board and treasurer; John L. Wilds, president; H. J. Jann, vice-president and secretary; R. F. Grothe, vice-president, engineer; H. W. Anderson, vice-president and engineer; T. D. Dunham, engineer.

The largest single risk written by the Protection is \$135,000. The company issues a single fire policy and writes riot and civil commotion, windstorm, smoke damage and other such coverages by attachment of supplemental coverage endorsement. Its premiums for the first six months were \$395,640, total income \$431,216, losses \$25,206, total disbursements \$396,643. Its loss in surplus during the six months was \$114,074. Its percentage of loss incurred to premiums earned was 11.45; the percent of underwriting expense incurred to premiums earned, 10.597; percent of total losses, expenses incurred and dividends declared to total income earned, 95.38 percent.

Report on the Mill Owners

The Mill Owners showed premiums for the first six months, \$263,760, total income \$289,127, losses \$16,804, underwriting expense \$38,115, total disbursements \$264,337, assets \$842,722, premium reserve \$451,007, surplus \$412,078.

The report says the company is in sound financial condition and has a good cash position. The largest net retention of the Mill Owners on a single risk is \$90,000. Its loss in surplus during the six months due to the lower market values of stocks and bonds amounted to \$53,811. Its ratio of losses to premiums earned is 11.45; percent of underwriting expense incurred to premiums earned, 15.895; percent of investment expense incurred to gross interest earned, 4.22; percent of total losses to expense incurred and dividends declared to total income earned, 91.08 percent.

German Insurance Carriers Now Showing Progress

BERLIN, GERMANY.—Insurance companies of all types are progressing here. Loss experience of fire offices, satisfactory in 1936 when ratios were about 30 percent, promises to be equally so this year. Steady diminution in the loss record is due in large part to care of national authorities in safeguarding against fires.

As an example, through the harvest season in farming communities troops are placed to guard against incipient fires in barns due to spontaneous combustion when freshly mown hay is piled on carry-over stock. In urban areas, police assist firemen in reducing fire hazard, insisting that no rubbish or other fire breeding material be allowed to accumulate either in mercantile properties or residences.

Safety measures both as to life and property are constantly being preached. As a consequence, the number of accidents in homes and on the streets is steadily being reduced. Due to removal of the hitherto heavy tax on automobiles, purchase of cars has increased to such extent that companies will have to raise rates for both public liability and property damage coverage because of road congestion.

While Germany has a number of important automobile manufacturing plants, General Motors and Ford of America have large subsidiary corporations here, and sell an increasing number of machines. The four-cylinder type especially appeals to residents of this country.

German fire and casualty companies still maintain reinsurance arrangements with British institutions of like character, though perhaps not to the extent that existed 20 years ago. While premium volume from straight fire covers continues to show gains, this does not hold with respect to the use and occupancy line. Underwriters are confident manufacturers and merchants, when fully informed of the many advantages of this protection, will purchase it with the same freedom they now do the older and better understood strictly fire line.

Victor Swope, 58, of the MaGruder & Swope agency, Pleasureville, Ky., died suddenly of a heart attack. He was a brother of W. P. Swope, Kentucky state agent of the American Eagle.

REINSURANCE

ACCOUNTANTS CALL
REINSURANCE AN
"EXPENSE"

UNDERWRITERS
KNOW IT IS AN
INVESTMENT

KANSAS CITY
NEW YORK
CHICAGO
LOS ANGELES
SAN FRANCISCO

EMPLOYERS REINSURANCE CORPORATION

E. G. TRIMBLE, President
HOWARD FLAGG, Executive Vice President

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The NATIONAL UNDERWRITER

November 25, 1937

CASUALTY AND SURETY SECTION

Page Thirty-one

Much Interest in Lloyds Issue in the Illinois Code

Decision Not Expected for Some Days as the Conferences Are Continued

There has been much speculation and prophecy as to the outcome of the London Lloyds issue in Illinois following the visit of A. J. Boxford and E. R. Pulbrook of London representing the committee of Lloyds accompanied by O. D. Duncan and D. J. Dickens of the legal firm of Duncan & Mount of New York City. These Lloyds representatives conferred with Attorney John S. Lord of Chicago, the Illinois attorney-in-fact, and Mr. Lord and his partner, Duncan Lloyd, accompanied the representatives to Springfield where they had a consultation with Insurance Director Ernest Palmer and Governor Horner. It seems that the London Lloyds people have secured some very interesting opinions and interpretation of the Illinois code referring to Lloyds. These attorneys who have delved into the subject are inclined to disagree with the insurance department in some of its positions. Several briefs were filed by Lloyds attorneys with the Illinois department.

Is in Fighting Trim

London Lloyds evidently is not willing to give up the fight and quit Illinois without a battle. On the other hand attorneys for stock companies will scrutinize very carefully any interpretation from the insurance department that they believe is not compatible with the code. The main issue undoubtedly rests about the deposit of \$2,300,000 now in the Continental-Illinois National Bank of Chicago, which it would seem London Lloyds people are willing to place under the jurisdiction of the department. So far as the general talk is concerned, London Lloyds desires that this \$2,300,000 be accepted as the deposit and also be the statutory reserve that has to be put up for claims, etc. The American companies hold that this is stretching the point very far because they are required to put up separate amounts for claims and other statutory reserve and if a foreign stock company is licensed its deposit must be kept separate from any reserves.

Extent of the Coverage

If the department recognizes the \$2,300,000 as the sole fund of London Lloyds it will be presumed to be the amount of the joint underwriters and while no group could write more than \$230,000 on a single risk other groups could write the maximum amount on different risks. That is, undoubtedly the department would not permit London Lloyds to allow two or three groups to use the maximum underwriting powers on the same risk. If London

(CONTINUED ON LAST PAGE)

Workmen's Compensation and Its Main Problems

Leon S. Senior, manager Compensation Inspection & Rating Board of New York, in his presidential address before the Casualty Actuarial Society stated that prevention of injury, restoration of men to health and work, and security of benefits constitute the prime objectives to be obtained under the system of workmen's compensation. Much time and effort, he said, have been spent by employers and insurance companies to prevent injury to workers and considerable progress has been accomplished.

Prevention Work Frustrated

It is a matter of regret, Mr. Senior said, that prevention work is at times frustrated by unexpected developments, defeating the best intentions. No sooner had the retrospective rating plan been approved than the energetic folks in the excess insurance line produced a contract guaranteeing the employer against excess charges which may result from bad experience, thereby nullifying the accident prevention idea.

Expert medical treatment, he said, is essential and recently a movement has been started by medical societies which places the right of selection of the physician in the hands of the injured and takes it out of the employer and the insurance company. While certain abuses may have grown up under the employer-carrier system it had its good points, in the opinion of Mr. Senior. Companies were bound as a matter of self interest to select the best possible medical skill. Unfortunately, he said, on the fringe of the medical profession there are still a number of men admitted to compensation practice whose only qualification is a medical diploma and a diathermy machine. Under the system which has recently been adopted in New York the injured workman is given a free hand to select his own doctor, subject to certain exceptions such as in case of emergency or where the accident happens outside the state. The experiment in New York, he said, will be carefully watched.

Compulsory Insurance Plan

How effective is compulsory insurance, asked Mr. Senior. Advocates of compulsory insurance, whether in workmen's compensation or automobile liability, he said, do not realize the extent of administrative work necessary for the strict enforcement of such laws. Regardless of extensive education and missionary work on part of agents, there are still many non-insured risks in all states regardless of the particular system that may prevail, he said. Mr. Senior asserts the enforcement of the New York law is probably as strict, if not more so, than anywhere else. Yet he finds a large number of employers who are not insured. His study shows that the failure to insure is prevalent in industries operated by small employers who find the enforcement of the administration to be lax. The failure on the part of small risks to secure insurance, he thinks, is due to a real or fancied inability to pay the premium and the fact that the market is somewhat re-

stricted for the insurance of these risks. Furthermore the lack of interest on part of agents on account of the small commission has an effect.

Mr. Senior asserted that much alarm has been raised in recent years because of the fact that beneficiaries have suffered loss by reason of failure on the part of insolvent companies to meet their obligations. In New York, therefore, a guarantee fund was established to which all private carriers are required to contribute 1 percent of their premium and out of this those insured in failed companies will be paid.

Result of No Insurance

It is surprising, in the mind of Mr. Senior, that during this entire discussion nothing has been said of the tragic case of dependents where the head of the family was injured or killed in the course of employment for an employer who had no insurance. It may be feasible, he stated, to maintain a fund to meet these obligations by imposing substantial fines on all offenders instead of suspending sentences.

Mr. Senior touched on occupational disease coverage, saying that this has attracted great attention in recent years. The opponents of the all-inclusive act are fearful that a blanket provision for occupational disease is a means for opening the door to general health insurance thus placing upon industry an impossible burden. The second point that is causing much concern is the question of "definition." There seems to be no general agreement on the meaning of the term. Aside from the problem of prevention to which much study has been given by employers, insurance organizations and governmental agencies, the subject of rate making, Mr. Senior said, is one that has presented formidable difficulties because of the lack of dependable experience. This is particularly true with respect to coverage for diseases resulting from the inhalation of harmful dust.

Here one is faced with the problem
(CONTINUED ON PAGE 55)

Palmer Invites Briefs on Occupational Auto Rating

Officials of Chicago Lloyds state that they will file a new automobile rating plan in Illinois to take the place of the one that has been rejected by Insurance Director Palmer. The plan, to which the department took exception, gave special rates to employees of specified companies or industries.

Mr. Palmer made this announcement in a bulletin to automobile writers, in which he invited all such companies to file briefs setting forth their attitude toward the idea of occupational rating. Those companies that do not employ the plan are privileged to give their ideas as well as those companies that do use occupational rates. The brief must be filed by Dec. 5 and Mr. Palmer states that he will give his final ruling on Dec. 15.

Casualty Actuaries Discuss Securities and Compensation

Investment Symposium Timely in View of Proposed N. Y. Law Revision

NEW YORK—The Casualty Actuarial Society's annual meeting devoted its entire first day to social insurance—workmen's compensation and federal social security—and wound up with a session the following day given over to informal discussion of investment problems. Speakers at the dinner meeting were President F. J. O'Neill of the Royal Indemnity and Eagle Indemnity, and S. B. Perkins, assistant secretary compensation and liability department Travelers, pinch-hitting for S. Bruce Black, president Liberty Mutual, who could not attend because of illness.

The symposium on investments was particularly timely, first, because of the recent market gyrations and second on account of the important changes in investment regulations contemplated under the proposed New York insurance law revision. Hardwick Stires of the investment counsel firm of Scudder, Stevens & Clark, the lead-off speaker, was cautious about making any predictions, pointing out that it would be folly to try to gauge the future without taking into account the three important imponderables, danger of inflation, the possibility of war, and the attitude of the federal government.

Change Since 1900

Mr. Stires pointed out that, in contrast to the situation at the turn of the century, the investor who becomes worried about his long term securities must now pay a staggering penalty when he shifts into short term investments. He said that on a statistical basis there is little chance for a stiffening of interest rates in the next six to nine months.

Conceding that inflation must be considered as a possibility in view of the world-wide coin-clipping that is going on and the fiscal policy of the United States government, Mr. Stires said that in his opinion there must be more deflation before inflation comes. Despite present fears of inflation, he said he believed the threat is less now than in the past.

Appraise "War Risk"

As for the possibility of war, the speaker suggested that companies go over their portfolios and appraise the "war risk" of their securities, not necessarily with a view to eliminating securities which would be adversely affected by war but at least view the situation realistically.

It is evident that prices are headed down and business is tending downhill, the one bright spot being that consumer purchases are holding up well as evidenced by department store sales, Mr. Stires said. Price advances in many

(CONTINUED ON PAGE 55)

Settle Missouri Difficulty Over Accident-Health Forms

Department Agrees to Allow Use of Riders to Correct Features Found Objectionable

The difficulties between the Missouri department and the accident and health writing companies, relative to certain policy provisions in general use which are held to be in contradiction of the Missouri statute, have been ironed out satisfactorily. Following a conference with Missouri department officials and the assistant attorney general in Jefferson City, at which the companies were represented by R. A. Payne of the Travelers, Paul H. Rogers, Aetna Life; W. T. Grant and S. T. Gilmore, Business Men's Assurance; James C. Jones of St. Louis, attorney for the Bureau of Personal Accident & Health Underwriters, and J. H. Grand, St. Louis attorney, the department agreed to approve riders correcting the two principal points to which objection was made, instead of requiring preparation of new policies, providing that companies submit with the rider a list of the policies to which it is to be attached and a sep-

(CONTINUED ON PAGE 41)

Issue Rates for Bonds Required by U. S. Agencies

NEW YORK—The Towner Rating Bureau has promulgated rates for standard forms of fidelity position schedule bonds covering officers and employees, which have been prescribed by the Rural Electrification Administration and the Farm Security Administration for use by borrowing corporations, associations and cooperative associations. The forms were worked out by the two federal bureaus with a committee representing the conference stock companies. The rate for bonds covering officers and employees of such concerns has been fixed at \$2.50 per \$1,000 per annum, with an annual minimum per position of \$2.50. The rates are effective immediately, existing bonds may be canceled pro rata and premiums applied to new bonds issued on new forms.

Paul Talks to K. C. Buyers

KANSAS CITY—George H. Paul, superintendent Hartford Steam Boiler, talked on boiler and electric machinery hazards and protection against such hazards, including use and occupancy, before the Insurance Buyers Conference of the Associated Industries.

Liberty Mutual President Discusses Cost-Plus Cover

Says More Sensitive Manual Rates Would Curb Most Demands for Retrospective

NEW YORK—Reasons for preferring the supplementary rating plan sponsored by the mutual companies to the retrospective rating plan devised by stock carriers were advanced in a prepared discussion submitted by President S. Bruce Black of the Liberty Mutual at the Casualty Actuarial Society's annual meeting here. Mr. Black was unable to attend on account of illness. In addition to comparing the merits of the two plans, Mr. Black went into some of the possible troubles companies may have with either version of "cost-plus" insurance, principally the danger that when the business cycle swings around to the point where "prospective" rating becomes cheaper, employers will desert the retrospective or the supplementary plan unless there is some penalty attached for doing so.

"Considering the immediate self-interest of insurance carriers, any form of

(CONTINUED ON PAGE 41)

Brilliant Jubilee Banquet for Lumbermen's Mutual

President Kemper Relates Some of the Achievements of the Chicago Company

One of the most brilliant insurance banquets ever held in Chicago was that last week celebrating the 25th anniversary of the Lumbermen's Mutual Casualty of that city and presided over by President James S. Kemper. Among the banqueters were men high in business and professional life of the city. Mr. Kemper is vice-president of the U. S. Chamber of Commerce and some of his associates were present to do him honor. The two insurance directors, John C. Harding of Chicago, resident vice-president Springfield F. & M., and Justin Peters, president of the Pennsylvania Lumbermen's Mutual of Philadelphia, were on hand. O. J. Arnold, president Northwestern National Life of Minneapolis, a director from his section, was present. The Illinois chamber of commerce was represented by Chairman H. A. Behrens of the Continental Casualty, who was former chairman of the insurance division and was chairman of the executive committee during the year, with Mr. Kemper as chairman. James A. Beha, New York city attorney and former New York insurance superintendent, was present for the celebration.

Company Officials Present

Some of the other company officials were A. M. Best of New York; Treasurer A. I. Bushnell, Secretary A. A. Krueger and Assistant Secretary R. S. Danforth, Millers National; J. J. Fitzgerald, president Grain Dealers National Mutual Fire of Indianapolis; W. H. G. Kegg, secretary and C. H. Keating, president Lumbermen's Mutual of Mansfield, O.; George R. Kendall, president of the Washington National of Chicago; Alfred MacArthur, president Central Life of Chicago; George A. McKinney, executive vice-president Millers Mutual Fire of Alton, Ill.; G. A. Minsky, vice-president, and L. H. Baker, first vice-president Michigan Millers Mutual; C. M. Purmort, president, and L. G. Purmort, vice-president Central Manufacturers Mutual of Van Wert; Fred A. Rye, New York City, manager, Improved Risk Mutuals, Arthur T. Vanderbilt, New York City attorney; L. H. Baker, vice-president Michigan Millers Mutual; G. A. Berger, vice-president Central Manufacturers Mutual; F. B. Fowler, president Indiana Lumbermen's Mutual; L. C. Gray, Kansas City, southwestern manager Mill Mutuals; A. V. Gruhn, manager American Mutual Alliance; C. R. Hoffa, secretary Pennsylvania Millers Mutual; J. W. Huntington, secretary Ohio Grain Dealers Mutual; George L. Mallory, president Security Mutual Casualty of Chicago; D. S. Montgomery, secretary Retail Lumbermen's Mutual of Milwaukee; T. L. Osborn, president Osborn & Lange, Chicago; H. J. Pelstring, secretary Pennsylvania Lumbermen's Mutual; R. M. Rogers, secretary Western Millers Mutual, of Kansas City; H. E. Stone, president Lumber Mutual Fire, of Boston; J. H. R. Timanus, secretary Philadelphia Contributionship for the Insuring of Houses by Loss of Fire; O. R. Van Dyke, Nashville, Mill Owners Mutual Fire; Glen Walker, president Millers Mutual Fire, Fort Worth, Tex.

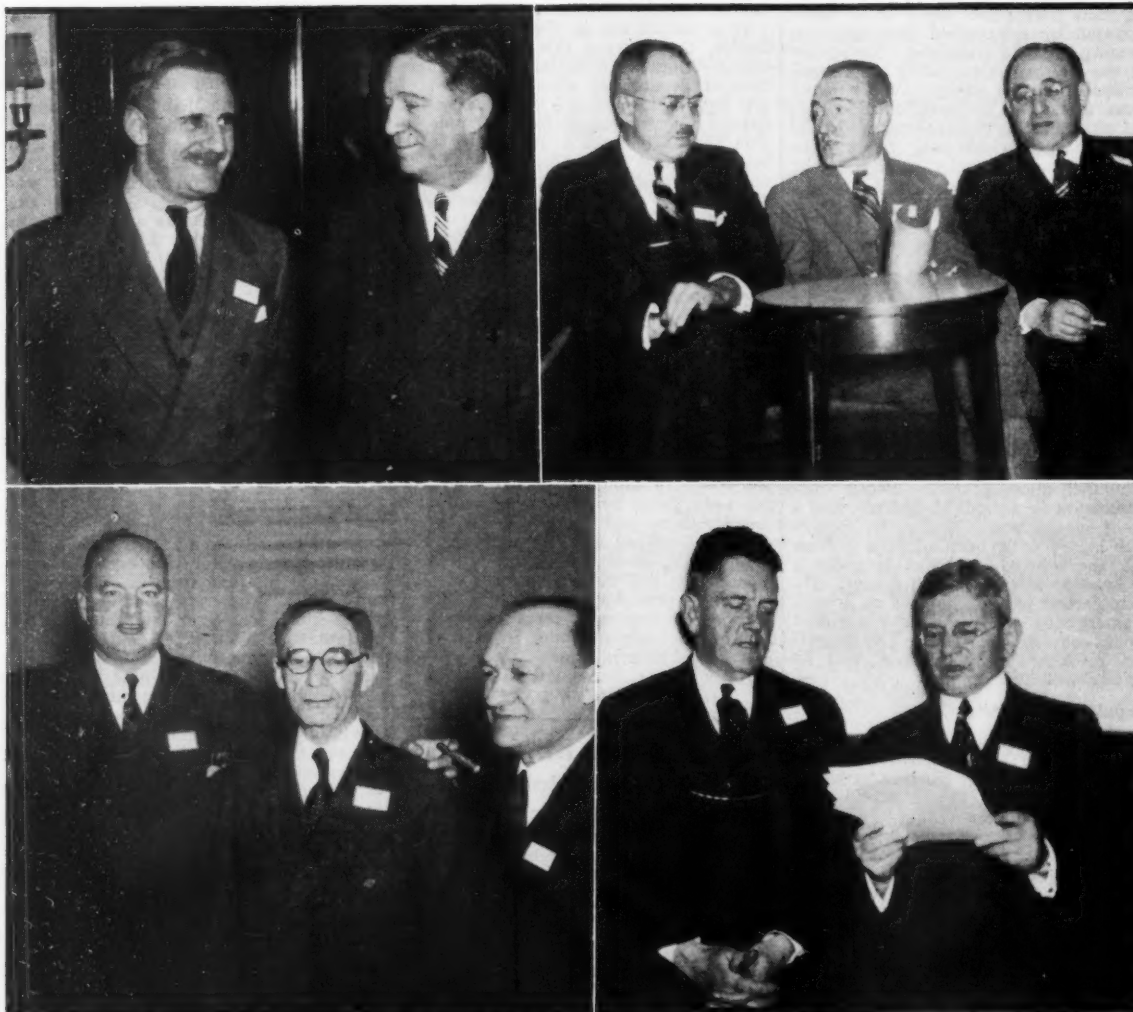
Speakers of the Evening

The artists featured in the musical program were Gale Page of the NBC; Jarna Paull, soprano Metropolitan Opera Company; Mark Love, baritone, Chicago Opera Company, and a quartette consisting of Gunther Decker, Howard Will, George Grammarsmith and Duayne Carnes.

The speakers were Merle Thorp, editor of "Nation's Business"; Insurance

(CONTINUED ON PAGE 41)

AT CASUALTY ACTUARIAL SOCIETY MEET



Top row: F. J. Perryman, secretary Royal Indemnity and vice-president of the society; R. H. Blanchard, insurance professor, Columbia University and former vice-president of the society; O. C. Richter, American Telephone & Telegraph, former actuarial consultant to the committee on social security; W. R. Williamson, actuarial consultant to the social security board, and Henry Reichgott, group underwriter Equitable Society.

Bottom row: S. B. Perkins, assistant secretary Travelers compensation and liability department; L. S. Senior, general manager New York compensation rating board, and Paul Dorweiler, actuary Aetna Casualty; T. F. Tarbell, actuary Travelers casualty actuarial department and former society president, and Richard Fondiller, of Woodward & Fondiller, secretary-treasurer of the society.

Mr. Senior is president of the society, Messrs. Perkins and Dorweiler former presidents.

Sides with DeCelles Against Frank Cohen

Minority Report Filed in Commonwealth Mutual Liability Quiz

BOSTON—The action of Commissioner DeCelles in petitioning Commonwealth Mutual Liability into insolvency a year ago is stoutly defended by Representative John W. Coddair, Jr., of Haverhill in a minority report filed with the legislature as a member of the special legislative committee which recently investigated the defunct company.

"The commissioner acted in the public interest and in support of his oath of office in bringing the company's operations to a close," declares Coddair.

The majority report filed more than a month ago found that DeCelles tried to get control of the company and, when he was unable to do so, wrecked it. The majority also declared DeCelles had demonstrated his unfitness for his office.

Charges Gross Fraud

Coddair finds himself at "irreconcilable variance" with the majority. He declares that DeCelles acted in good faith and asserts that the promoters of Commonwealth Mutual were guilty of fraud in deceiving the commissioner as to the organization of the company. "A gross fraud was perpetrated on the commissioner by the company when it obtained its license two years ago and it has been admitted by practically everyone who has looked into the facts that the Commonwealth Mutual obtained its license to transact business by fraudulent means," he says.

Discussing the acceptance by DeCelles of two checks totalling \$22,000 as a part of the \$100,000 in paid-in cash premiums necessary before a license can be issued, Coddair admitted the commissioner might have demanded certification of the checks. The checks, according to the evidence, were drawn against a bank in which there was no account at the time. They were held by DeCelles for about a week before they were presented for collection.

"There is a distinct difference of opinion whether the commissioner should have considered these checks on their face value," says Coddair's report. "It might be said that the exercise of sound discretion would have led the commissioner to have insisted on their certification, or to have inquired at the Pilgrim Trust Company as to whether there was an account on which these checks were drawn."

Frank Cohen Angle

"The fact that the checks were made good a week later does not alter a transaction on the part of the company which clearly was fraudulent, which was concealed from the commissioner and upon which the company was not entitled to its license."

Coddair deplores the action of the majority in indulging in attacks on DeCelles, based, he says, in large part, on testimony of Frank Cohen of New York City, backer of Commonwealth Mutual Liability, and his associates.

"As between Mr. Cohen, his friends and his array of counsel, and Chief Examiner O'Leary, Francis J. DeCelles and the supreme judicial court of Massachusetts, the minority member of this committee must concur with the latter," says the report.

Coddair declares that the commissioner used every possible precaution in looking into the application of the com-

(CONTINUED ON LAST PAGE)

25-Year Man



H. C. CONLEY

Vice-president H. C. Conley, head of the railroad department of the Provident Life & Accident, was the recipient of a surprise presentation of his 25-year service pin in the office of President R. J. Maclellan, attended by officials and members of the Home Office Quarter-Century Club. Following remarks by the president, touching on Mr. Conley's outstanding characteristics of loyalty and able leadership, John Chambliss, general counsel, added similar sentiments. It was pointed out that all the gains ever predicted by Mr. Conley for his department were actually carried out by the railroad department field men, whom Mr. Conley characterized as "the finest in the business."

Mr. Conley was presented with a handsome Longines watch bearing special inscription for his faithful service not only with the company, but a total of 36 years as a railroad insurance man, by the Provident officials.

Appeal Provided Where Bay State Insurance Refused

BOSTON — Attorney-general Dever advises all car owners who cannot get compulsory automobile coverage to communicate with the state board of appeals for compulsory insurance.

The last legislature passed a new law which provides that a company carrying an automobile liability policy and not desiring to renew for the ensuing year must give notice to the assured or his agent or to the broker who negotiated the contract. This notice must be sent to the agent or broker by Nov. 15, and the broker or agent is to give the assured a copy by Dec. 1.

The attorney-general says: "The board of appeals has ruled that the sending of the notice constitutes a refusal by the company to issue a policy. The assured has the right to file a complaint with the motor vehicles appeal board. Thousands of these notices are being sent out, and according to present indications, the board will be flooded with applications. The board desires to point out that under the law an appeal must be filed within 10 days after the date of refusal and the public is urged to act promptly in filing such appeals."

Palmer St. Paul Speaker

Lew R. Palmer, conservation engineer of the Equitable Society, will be a headline speaker at the annual traffic accident conference in St. Paul Nov. 26-27 on "The Value of Safety Contests."

Representatives from six states and two Canadian provinces have been invited.

Brief Upholds Auto Plan

American Automobile Furnishes Study of Occupational Rating Method in Illinois—Finds Method Least Discriminatory

Legal aspects of the occupational plan of rating automobile insurance were set forth in a brief filed with Insurance Director Palmer of Illinois at the department hearing on the order forbidding this rating plan, by A. R. Peterson of Eckert & Peterson, Chicago insurance law firm, for the American Automobile. Mr. Palmer granted a reprieve for the plan until about Jan. 1, to permit further study.

While Director Palmer ruled the plan was discriminatory between assured because it drew a distinction in use between business or non-business use of a private passenger automobile, Mr. Peterson held that, especially in the casualty insurance field, no two risks are identical and the Illinois code cannot possibly require equality of treatment of various risks irrespective of exposure. He said regardless of the classification methods used it will probably always be true a specific assured in a low classification may be a better risk than one in a higher classification, but this is found in every field of insurance and should not necessarily condemn a system of classification.

Classification Problem

"While the law plainly contemplates that a person shall not in the matter of casualty insurance either be discriminated against or be preferred as compared to other persons offering substantially similar risks," the brief relates: "yet in determining whether risks are similar their classification is naturally a matter of approximation. The question is whether the classification used is based upon reasonable differences than the risk assumed by the insurer."

In court decisions, Mr. Peterson stated, it has never been held that a discrimination which appears to operate against merely an individual member of the class invalidates the classification method. He argued that whether classifying risks in the private passenger automobile field on a basis of occupation of assured bears reasonable relationship to exposure to hazard of various classes of assured is a question of fact.

No Longer Is Theoretical

"Since the actual experience of companies which have used an occupational classification shows a definite relationship between the occupation of the assured and the loss ratio of the various occupational classifications, the classification has ceased to be theoretical but has been proved sound in practical operation," he said.

While it might be more scientific to underwrite by attempting to classify each individual risk, taking into account all elements, including health, eyesight, intelligence and ability of assured, expense of such a system applied to automobile insurance would be prohibitive. Also, since this business is written through widely scattered agents, classification must be substantially by rule of thumb.

Rating Factors Reviewed

It is generally conceded there are at least two elements to be considered in rating automobile, territory where assured's car is usually driven, and type of vehicle, these having been accepted as sound for many years and universally used. They do not, however, he said, take into account an element which usually constitutes the greatest difference in exposure to hazards of any two designated assured, the length of time the car is exposed to the hazard insured against, which normally depends on use and amount of travel. Use of a car long has been recognized as an important element in classifying and rating commercial cars, Mr. Peterson said, noting the truck classifications now in use.

Even in the private passenger car field, rates for private livery use are

more than twice those for a similar car used for private purposes, although the passenger hazard is excluded.

Practical experience has shown that the extent to which mileage of a private passenger car increases above the average for such cars usually depends on amount of business use to which the car is put. However, a private car cannot be restricted to private use alone because there may be and usually is some casual use for business purposes. There is no practicable way of limiting the amount of permissible business use, for there is no test to apply in determining whether a particular accident occurred while in infrequent business use.

Upholds Occupational Plan

Mr. Peterson held that the only practical way to meet this problem is to classify assured by occupation. Experience of automobile insurance companies, he said, shows that there are differences in risks due to various occupations of assured and this has long been known in other fields of insurance. Workmen compensation rates are classified by occupation, as are accident insurance rates. These classifications, Mr. Peterson argued, are authorized by the new Illinois code.

Occupational rating of automobiles is essentially no different from the fire companies' practice of starting with a base rate and modifying it according to occupancy and exposure. Such rating methods never have been questioned by any insurance department, he stated.

Criticizes Auto Groupings

"Now it may well be that there is a small margin of possible accuracy of application in favor of the system that takes into account only the losses by groups of automobiles," Mr. Peterson argued, "but this is of no consequence when it is considered that the system in itself is discriminatory; and of all the systems that might be devised that one probably is the least calculated to do substantial justice to the individual motor car owner. Is it not, after all, more just and reasonable and less discriminatory and preferential to follow a plan which, while possibly—though not admittedly—less easy to apply with 100 percent accuracy, maintains to a greater extent, we think, than any other that has yet been suggested, balanced relationships between liability to loss and loss costs on the one hand, and the premium to be paid by individual policyholders on the other. . . ."

No Absolute Equality

"All systems of automobile insurance rating and all existing schedules under whatever system devised necessarily fall short of absolute equality. Those systems which determine the rate of insurance without regard to the character of the risk's exposure are penalizing the preferred risk by making it pay the

(CONTINUED ON PAGE 42)

Safety Congress for 1938 Will Be Held in Chicago

The 1938 National Safety Congress will be held in Chicago Oct. 10-14, the executive committee of the National Safety Council decided. The entire Stevens Hotel will be used. Next year will be the silver jubilee year of the National Safety Council and the council thus brings its biggest congress to a city which saw the movement start with two men and a tiny office 25 years ago and grow to national importance. The 1938 congress will have 200 sessions and more than 400 speakers. It will touch on every conceivable phase of safety.

Casualty Organization Moving to 60 John Street

National Bureau and Executives Association to Open in Down- town Section on Monday

The National Bureau of Casualty & Surety Underwriters and Association of Casualty & Surety Executives will open for business next Monday morning in their new offices at 60 John street, New York City. The moving is scheduled to take place Saturday of this week from One Park avenue and both offices will be closed that day.

The executives association, together with its claim department and conservation bureau, will be located on the eleventh floor. The National Bureau will occupy the ninth and tenth floors and a part of the twelfth. The new telephone number for the executives association is John 4-3920 and for the National Bureau John 4-6300.

The National Bureau is returning to the downtown section after having been located in the mid-town area for 15 years. The casualty & surety acquisition cost conferences will be located in

Room 911 and the phone is John 4-6300; Bureau of Personal Accident & Health Underwriters on the eleventh floor and the Workmen's Compensation Reinsurance Bureau and Insurance Federation on the fourteenth floor, phone John 4-6444.

The New York Plate Glass Service Bureau and New York Rating Office remain on the ninth floor where they have been for some years. The executive offices of the bureau and most of its divisions will be located on the tenth. The committee meeting rooms will be on the ninth. The boiler and machinery division will be quartered on the twelfth.

The program of activity for the Casualty Executives Association has been considerably expanded. In taking over the claim activities of the National Bureau, the transition stage of the expansion program that was inaugurated a year ago has been completed.

State Farm Indiana Rally

About 250 Indiana agents of State Farm Mutual Automobile, State Farm Fire and State Farm Life of Bloomington, Ill., attended a gathering in Indianapolis with H. R. Nevins, Indiana state agent in charge. President G. J. Mecherle and others from the head office spoke. The guest speaker was Commissioner Newbauer.

Wants Compensation Rating Localized for States, Lines

New York Board's Actuary Says Increased Accuracy Would Jus- tify Extra Work Involved

NEW YORK—In an effort to meet the objections of employers who contend that nationwide experience several years old is not a fair basis for computing their workmen's compensation basis, A. G. Smith, assistant general manager and actuary New York Compensation Rating Board, suggested at the annual meeting of the Casualty Actuarial Society that national experience be abandoned in some measure and that pure premiums, at least in large industrial states, should be based solely on the state's experience, using a formula similar to and applied in the same way as that now used for national pure premiums, and except in rare instances, treating each classification independently. Conceding that this method might involve more work, he contended that the more satisfactory results would justify it.

"Much time and energy has been spent recently in devising means of adjusting the premium to the individual risk through the medium of the experience rating plan, the retrospective rating plan and the supplementary rating plan, but there has been little effort toward fitting the manual rate more closely to the hazard of the industry in the individual state, although the manual rate is the most important factor in all but very large risks," said Mr. Smith. "This has led to the present proposal to improve the method of pure premium selection."

Traces Present System

"Since the early days of compensation insurance when pure premiums depended only in minor degree on statistics and largely on underwriting judgment we have progressed to the point where they are determined almost entirely by the application of mathematical formulae to the experience of the classification. This experience, however, may be pure state experience or it may be nation-wide experience or a combination of both, according to the importance of the industry in the state. Thus even in New York the rates for more than 60 percent of the manual classifications are based in whole or in part on national experience. This arrangement would be satisfactory if national experience were a proper measure of hazard in a particular state but there are reasons for thinking it is not."

"National experience is usually less up-to-date than state experience, so that whereas in rating large risks the latest available experience is used, even the experience of the policy subject to the rating, a small or medium-sized risk may be rated largely on data a year or two older than is necessary."

Hazard Varies by States

"In many cases a manual classification covers a broadly defined industry which varies materially from state to state. Experience of such a classification in one state is of little value for rate-making in another state where the character of the industry is quite different."

"The degree of supervision over the compensation business is not uniform in the several states and the administration of rules and rates is exercised by different bodies, each of which applies its own standards and interpretations. Statistics developed in unsupervised states should not be permitted to influence rates in closely supervised states; nor does the combination of experience developed under a number of independent jurisdictions produce a homogeneous result."

"There are also objections to the mechanical processes required by the use of national experience such as the large

Bernard Botein Chides Insurers on Claim Handling

Fraud Investigator Issues Re- port Questioning Fairness of Adjusters on Negligence Actions

Bernard Botein, assistant district attorney in New York, who has been in charge of the famous accident fraud investigation there, has issued a report in which he takes exception to certain claim practices.

He said he received disappointingly few complaints from insurance companies about claim frauds, although he requested such information.

"The impelling desire of the claimant and his lawyer," the report states, "is to secure a prompt and adequate settlement. Unfortunately, this is usually impossible to attain by the fair and candid presentation of a claim. Defendants, representatives and insurance company adjusters view all claims with jaundiced eye, and in assessing their worth look off what they regard as the basic ingredients of exaggeration. The honest claimant is penalized for the sins of the cheater."

Finds "Puffing Ritual"

"As a consequence, a species of puffing ritual has sprung up which is regarded as one of the rules of the game by both sides. It is even indulged in by a number of otherwise honorable general practitioners who justify the practice as the only means of obtaining a fair result for the occasional clients they represent in negligence action."

"Although generally complying with the letter of the law, a great number of adjusters and investigators display a shocking lack of fairness when dealing with ignorant and credulous victims of accidents. The deplorable lack of ethics manifested by claim agents who over-matched ignorant claimants in shrewdness and experience is comparable to the tactics employed by runners in dealing with the same victims of accidents."

"The public adjuster is an economically unnecessary middleman. Any attorney worthy of his license should be able capably to present the factual and legal aspects of the client's case to a claim department."

Mr. Botein recommends that claim departments negotiate only with the claimant, his lawyer or recognized trial counsel.

"The apathy of the public toward fraudulent claims must be punctured," Mr. Botein states. "The public's indifference is largely due to its belief that insurance companies are the major victims of claim fraud. Its hostility to these companies is borne out of the shabby treatment it has sometimes received from claim departments. It behooves claim agents to court the public friendship by pursuing a uniform policy of prompt and adequate adjustment of meritorious cases."

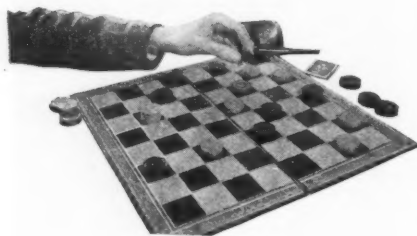
Move Is Made to Liquidate Auto Mutual Indemnity

NEW YORK—An order to show cause why Auto Mutual Indemnity of New York, which has been in rehabilitation under the jurisdiction of the department since Nov. 12, should not be liquidated, has been issued.

Reginald Moss, manager Pacific department Association of Casualty & Surety Executives, is on a visit to the head office in New York. He will also attend the meeting of the National Association of Insurance Commissioners there.

theoretical factors necessary to convert experience to a common level and the use of expected losses based on national pure premiums to determine the weight to be given to the state experience."

A JUMP AHEAD



The AMICO franchise has put hundreds of its representatives a jump ahead in the competition for the worthwhile automobile and general casualty business available in their communities.

Because of the substantial savings, efficient claim service, and proved protection AMICO gives policyholders, they renew readily without a complete reselling—giving you more time to secure new business.

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Mortensen Sees Casualty as Line with Future

Deplores Tendency to Escape Regulation by Handling Business Under Inland Forms

MILWAUKEE—Commissioner Mortensen of Wisconsin, in addressing the fall meeting of the Milwaukee Board of Casualty & Surety Underwriters, made the prediction that the opportunity in the underwriting field lies in the casualty department. The economic tendency is in that direction, he said. He cited the increase in the number of automobiles, truck cargo, and compensation insurance. The department has difficulty in keeping up with changes in the casualty business from day to day, he said. The fire business is much easier to regulate.

"The reason for shunting off from the regular course of the casualty field to the inland marine branch often is to get away from rigid fire insurance regulations, with rating laws and other regular courses," Mr. Mortensen stated. "Inland marine is an offshoot, having gone out of fire into casualty where there is less supervision. It is boldly stated by some that it is not far distant when every kind of coverage will be under inland marine. There is evidence of that going on in Wisconsin, even to the extent of writing buildings in inland marine on the assumption that the building may sometime be moved."

Lauds Casualty Boards

The commissioner said casualty boards can get the agents to live up to standards that will be to the best interest of every factor. He said the department has the interests of the agent at heart, referring to past rulings regarding business that was placed out of the state and returning such business to agents in Wisconsin.

"The remuneration paid the agent is not too great if he is willing to give the necessary service to the assured, otherwise he is grossly overpaid," Mr. Mortensen said.

Mr. Mortensen pointed to the inability of the department to control casualty insurance because of the lack of laws that give the department control except in a haphazard way without rate and contract provisions. Inland marine, he commented, is outside the pale of regulatory laws.

"I personally feel that if inland marine can't be controlled we have no control over insurance," Mr. Mortensen said. "Certain risks are provided with fixed contracts and fixed rates. If they can be considered to be in another class we might as well consider scrapping the rating law. If an agent or a company takes the position that he can place any risk in a certain line over which there is no control to regulate, he opens the door so we will have no control whatever. Why keep rating bureaus, rules and regulations for the business?"

Great Gain in Line

"Before the war there were only four or five companies but the business has grown by leaps and bounds and now there are over 150 companies," Mr. Mortensen stated. "Business is being diverted from fire insurance channels to casualty. Some is properly under inland marine while some is not. It appears, however, that the agent is not getting the proper part of the acquisition cost."

"We have taken the position," Mr. Mortensen said, referring to the inland marine situation, "that business that is part fire and part marine does not all go marine but that part coming under the rating law must be so written. We want the support of the agents to enforce departmental orders. We have no investigating force in the department, except a few fire marshals, and we need the cooperation of the agents to help maintain some semblance of order and regularity. Otherwise the doors are

wide open and we will be back to the old days when the local boards handled the ratings. We need regulation in every department of insurance, including inland marine now not subject to regulations. We must maintain regularity in the insurance business if each is to have his share."

Mr. Mortensen was introduced to a capacity audience by President Frederick Kasten.

Weigh Higher Limits for Banks

At the December meeting of the State Banking Board of Pennsylvania, final action will be taken upon the proposal to require higher surety bond limits from state banking institutions. Tentative approval was given by the board for a minimum coverage of \$15,000 for banks with resources of \$500,000 or less. Banks with resources of \$50,000,000 or more would be required to carry a minimum of \$1,000,000 to \$2,000,000.

Oklahoma Board to Penalize Writing Fictitious Fleets

OKLAHOMA CITY—A letter has been sent to home offices of casualty companies operating in Oklahoma by A. C. Moore, secretary Oklahoma insurance board, calling attention to the fact that a number of firms are permitting employees to include privately owned cars and trucks under fleet policies at either experience or fleet rates or both.

He says the writing of individual cars at rates as much as 50 percent below manual is discriminatory, unfair to agents who apply manual rates and adds confusion in securing a true experience as to proper rates and loss ratios.

The board is sending several "test" letters to major firms requesting sworn statements from officials as to the names of insurance carriers on their risks, whether or not privately owned cars or

trucks are included in their fleet policies, and the rates applied.

Each home office is asked to furnish the board a sworn statement as to any policy which is in violation of this principle, stating that individual coverages will be deleted on or before Dec. 10, or that the company has no policies in such violation. The board will take action after Dec. 10 in cases where violations of fleet rules exist, by (1) assuming that the fleet rate applied to individually owned cars is adequate and shall apply to like risks individually insured, or (2) assuming that the insurer involved is in violation of its filing of rates and is subject to revocation of its license to operate in Oklahoma.

Fred W. Timby, Pacific Coast manager of the Preferred Accident, stopped in Chicago this week on his way back to San Francisco following his annual visit to the home office in New York.



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ACCIDENT AND HEALTH

Starts Regional Meetings

**Health & Accident Conference
Launches New Program with Session
in Des Moines—Next in Boston Dec. 7**

A new departure has been undertaken by the Health & Accident Underwriters Conference in the way of holding regional meetings, which have the dual purpose of allowing a general discussion of any topic that may be of interest to those in attendance and bringing in department heads of the various companies who do not ordinarily attend the annual meetings of the conference, giving them the benefit of the information that may be brought out and also affording them a contact with men in similar positions with other companies.

The idea has been discussed for some time, but has just now been put into operation. The first meeting, held in Des Moines, was largely experimental but was so successful that it has been definitely decided to hold similar sessions in other sections. At the annual meetings, with a regular program scheduled and a comparatively limited time allowed for round table discussions, it is possible to take up only a few of the questions of general interest. At these regional meetings, with no set program aside from general agenda, any one is free to bring up any problem with which he may be especially concerned, and full and frank discussion is invited. In that way it is possible to thresh out many issues which could hardly be taken up at the general meetings. In order to keep the meetings small and informal and carry out their primary purpose, it has been found necessary to limit attendance to representatives of conference companies in certain cities in the territory directly covered.

The next meeting, for conference companies located in New England, will be held in Boston Dec. 7.

Pushes Over-Age Policy

Lawton-Byrne-Bruner Agency, St. Louis, Finds Contract Is Valuable Equipment for Producers

The prominent Lawton-Byrne-Bruner agency of St. Louis has made a connection with London Lloyds for writing over-age accident insurance and under the leadership of R. A. Hoffman, who has been in the business 50 years, a volume of this business has already been put on the book. This business is being handled on a country-wide basis. The Lawton-Byrne-Bruner agency issues its own policy, without submitting applications to London Lloyds and without medical examination.

Mr. Hoffman feels that the over age contract is valuable equipment. He observes that relations are frequently strained with important clients when the accident insurer insists on cancellation due to age. There is a danger of the client becoming resentful towards the agent and switching all of his insurance business.

Mr. Hoffman states that with the over age accident policy, his agency is rehabilitating old accounts and is finding that by supplying this needed protection to persons of advanced age, much good will and new business in other lines is being created. Old friends are finding their way back to the office.

From ages 60-65, the premium is \$40; 65-70, \$50; 70-75, \$60 and over 75, it is \$100. There is no premium increase after the assured has carried the policy for three consecutive years. For this premium the Lawton-Byrne-Bruner London Lloyds policy provides \$10,000 death by accident within three calendar months; \$10,000 total loss of sight by accident; \$5,000 total loss of one eye by accident; \$10,000 total loss of two limbs by accident; \$5,000 total loss of one limb; \$10,000 total loss of sight of one

eye and loss of one limb; \$50 per week temporary total disablement by accident. For an additional premium of \$10 for the first \$500 and \$1 for \$100 thereafter, the policy can be extended to cover full medical reimbursement, including doctors and nurses bills, hospital bills, x-rays, medicine, etc.

Airplane Accident Coverage

Associated Aviation Underwriters Will Write Policy for Those Using the Air Transportation Facilities

The Associated Aviation Underwriters of New York City, consisting of the Fidelity & Casualty, Fireman's Fund Indemnity, Glens Falls Indemnity and U. S. Guarantee, is issuing air travel trip insurance. The policy covers only passengers traveling in the planes of the established air lines of the Air Transport Association.

The premium rate for the air trip policy will be 25 cents for each four hours of schedule flying time. The cost for a trip between New York and Chicago, for instance, will be 25 cents and the rate for any transcontinental trip will not exceed \$1. Premium rate of 25 cents for each four hours will be based on the scheduled flying time of the trip and the hours need not be consecutive, that is, a trip which is interrupted by a delay or stop-over will bear a rate computed on the basis of scheduled flying time and not on the basis of elapsed time from the origin of the trip.

Another feature of the policy is that it covers policy holders in trains and steamships between given points and on automobiles arranged for by the air lines to and from airports. The coverage of the policy is: In case of death of the insured, \$3,000; loss of both hands or both feet or loss of sight of both eyes, \$5,000; loss of one hand and one foot or one hand and the sight of one eye or one foot and the sight of one eye, \$5,000; loss of one hand or one foot or the sight of one eye, \$2,500.

T. E. Braniff, president of the Braniff Airways, and head of an insurance

agency in Oklahoma City as well, undertook the task of interesting the insurance companies in issuing an air trip policy which would provide inexpensive and convenient insurance for travelers over the airways of the Air Transport Association members.

New Indiana Restrictions on Newspaper Accident Cover

Commissioner Newbauer of Indiana has issued a bulletin regarding solicitation of health and accident insurance in connection with periodicals, newspapers, etc. Attention is called to the provisions of the Indiana insurance law governing solicitation of insurance and it is stated that, unless such solicitation conforms to the procedure set out, such violation will subject the offending company or agent to revocation of license. His requirements are:

"1. No statement, advertising matter or information shall be issued by the insurance company, agent or solicitor stating or inferring that such policy is only available to subscribers of such periodical, newspaper, etc.

"2. Applicants for insurance shall not be promised or given any advantage in price or other consideration by reason of becoming or being a subscriber to such periodical.

"3. The premium charged for such insurance shall be uniform to all applicants regardless of whether such applicant be a subscriber to such periodical, etc., and the policy available to all applicants regardless of any affiliation as subscribers.

"4. Receipts given for premium payment on such policies shall be the official receipt used by the insurance company for whom the premium is collected.

"5. All solicitation for the purchase of such policies to be made only by persons properly licensed by this department and duly authorized agents or solicitors under the provisions of the Indiana insurance law."

Favors Arbitration in Double Indemnity Cases

L. M. Gardner, counsel for the New York department, discussed "Problems in Double Indemnity Insurance Cases and How to Prove a Total and Permanent Disability Case," in an address before the meeting of the New York County Lawyers Association. He suggested that arbitration be employed in cases of this nature after courts have definitely laid down the rule of law.

Thomas Is Portland Head

F. C. Thomas, Loyal Protective Life, has become president of the Portland (Ore.) Accident & Health Association, succeeding W. Ward Wells, Massachusetts Protective. George Robinson, Commercial Casualty is secretary. The association now has about 20 members. At the November meeting, George Schoeffel, Oregon Mutual Life, gave closeups of his European trip. The next meeting will be held Dec. 13.

Hear Chamber of Commerce Man

LOS ANGELES—O. E. Durkin, industrial commissioner of the Los Angeles chamber of commerce, spoke at the November luncheon-meeting of the Accident & Health Managers Club of Los Angeles on "New Industries—Why They Come to Los Angeles and Vicinity." A nominating committee was appointed by President C. H. Thrift. The club now has an all-time high in membership of 67.

A. & H. Competition Is Keen

Competition for personal accident business is becoming increasingly keen on the part of multiple line casualty companies. A number of such institutions that in the past have not been interested seriously in this line are now pressing for such business. Spirited new business contests are being con-

Good News—for Grandpa and Grandma

And to all men and women who have attained the age of 60 or older.
No longer will they have to be without Accident Insurance protection . . .

Over Age Limit—Accident Insurance

It is the general practice of Accident Insurance Companies to discontinue the Insurance after the Policyholder has reached the so-called Extreme Age Limit.

Frequently at this time Accident Insurance is needed more than ever. In such cases we are prepared to arrange insurance with PROMINENT UNDERWRITERS who have been continuously and successfully transacting insurance for more than two hundred and fifty years.

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| 1. Death by Accident within 3 calendar months | \$10,000.00 |
| 2. Total loss of Sight by Accident | 10,000.00 |
| 3. Total Loss of one Eye by Accident | 5,000.00 |
| 4. Total loss of two Limbs by Accident | 10,000.00 |
| 5. Total loss of one Limb by Accident | 5,000.00 |
| 6. Total loss of sight of one eye and loss of one limb by accident | 10,000.00 |
| 7. Temporary total disablement by Accident | 50.00 per week |

NOTE—In addition to any benefits payable in respect of temporary disablement, any Doctor's charges incurred by the Assured will be paid by the Insurers up to, but not exceeding 15% of the total amount of any admitted claim. The weekly benefits under Item 7 are payable so long as the disablement continues, but not exceeding altogether 52 weeks.

Larger or smaller amounts can be arranged at a proportionate premium. Signed application to be submitted in each case.

Accident Insurance also specially arranged to meet unusual situations, viz.:

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Pierce Bldg., St. Louis, Mo.

Limit—
\$50,000.00.
\$250.00 per week.
Housewives
eligible.

Premium Cost this Policy

AGES:
60 to 65.....\$ 40
65 to 70.....\$ 50
70 to 75.....\$ 60
Over 75.....\$100

No premium increase after assured has carried the policy for 3 consecutive years.

Minimum Premium\$30.00

Full Medical Endorsement:—Rate \$10.00 for first \$500. \$1.00 per \$100. thereafter.

No medical examination.

No requirements so far as occupation is concerned, except those engaged in manual labor.

Coverage obtainable whether retired or active in business.

The policy may be extended for either man or woman to cover full medical reimbursement, for an added premium of \$10 for the first \$500 and \$1 per \$100 thereafter. This coverage includes doctor and nurses' bills, hospital bills, X-rays, medicine, etc.

ducted, field men are being stimulated and attention is being focused on this line in some offices as never before. Personal accident is again a profitable line after being a few years in the red. It is salable and is one of the few desirable casualty lines today that responds satisfactorily to production efforts in contrast with such lines as burglary, plate glass, general liability, fidelity and steam boiler for which will companies are making a drive, but without pronounced success.

Forms New N. M. Company

Clinton P. Anderson, who has been in charge of the Albuquerque, N. M., office of the Occidental Life, has organized the Mountain States Mutual Casualty there. Mr. Anderson is president; T. J. McCaffrey, secretary, and Mrs. Ella M. Stonelake, treasurer.

The William L. Thomas agency of the Massachusetts Bonding in Los Angeles is conducting a turkey drive which ends Dec. 15.

PERSONALS

W. J. Whiteside, assistant secretary of the Commercial Casualty and Metropolitan Casualty, is on a month's trip through the middle west. He contacts with the field men of the Firemen's and thus gets in touch with leading agencies.

Herbert C. Clark, chief of the title and mortgage bureau of the New York insurance department since 1934, and an examiner in the casualty division for many years, died at his home in West New Brighton, S. I. He was in his 56th year. An expert accountant, Mr. Clark frequently lectured before classes at Columbia University and the Insurance Society of New York.

Dr. Richard T. Anderson, 56, for 26 years with the medical department of the Kentucky Central Life & Accident, died in Louisville. He had been in poor health since the flood, when he gave 2,600 typhoid inoculations.

Lew H. Webb of Conkling, Price & Webb, Chicago, is leaving for San Francisco the last of the week to meet his daughter, Mrs. E. H. Lockwood, who is returning from China on the "President Coolidge," landing at San Francisco Dec. 1. The daughter, whose home is in Canton, was obliged, when the Japanese began bombing that city, to leave for Hongkong. Mr. Lockwood is, however, remaining in Canton.

J. E. Callender, Chicago manager of Ocean Accident, was given a luncheon by the department heads in his office on his 71st birthday. He was presented with a headdress, from which dangled feathers, each representing a personal accident application in a contest in Mr. Callender's honor. Robert Munsell of the surety department presided.

Funeral services were held Tuesday for Harry E. Hill, 59, manager of the western office of Great American Indemnity in Chicago, who dropped dead suddenly in his home city of Evanston, Ill. Jesse S. Phillips, board chairman Great American Indemnity, attended the funeral. For the past two years Mr. Hill's health had been somewhat uncertain and in 1935 he had a leave of absence in order to get a rest. However, he had been regularly on the job lately and appeared to be fit.

Mr. Hill opened the Chicago branch for Great American Indemnity 11 years ago. Previously he had served for about two years as Chicago resident vice-president of London & Lancashire Indemnity. He moved to Chicago from Denver, his native city, where he had been for five years manager of the Travelers. He started in the business for the Travelers and went to the train-

ing school, after earlier experience as traffic manager for the Union Pacific railroad with headquarters in Denver.

A son, Charles R. Hill, is cashier for the Travelers in Milwaukee. Mr. Hill was a man of attractive personality and his knowledge of the business was respected.

W. A. Barr, agency supervisor in the accident and health department of Massachusetts Bonding head office, is on a middle western visit this week, stopping in Chicago, Fort Wayne, Ind., and St. Louis.

Alex E. Johnson, Louisville general agent for the National Casualty and Continental Casualty, has been elected a member of the executive committee of the American Automobile Association for the southern zone. He has been a director for some years.

John Kent Kane, who served at one time as manager of the Philadelphia office of United States Fidelity & Guaranty and was a prominent Philadelphia lawyer, died at his estate in Chester county, Pa., at the age of 64. He graduated from Harvard University and from the law school of the University of Pennsylvania. He entered the law

office of the late Judge Dimmer Beeber and then became a partner of H. L. Corson, who was for many years president of the Philadelphia Bar Association.

John S. Turn, vice-president Aetna Casualty, and H. V. Upington, New York manager Fidelity & Casualty, who attended the annual convention of the California Association of Insurance Agents, will sail for home this week via the Panama Canal.

CHANGES

Grothe with Ohio Casualty

Frank Grothe, who resigned recently as head of the automobile, plate glass and burglary department at the head office of Continental Casualty, has joined Ohio Casualty for special work in the agency department at the head office. He started in the business with H. G. B. Alexander & Co., of Chicago when that concern was United States manager for the automobile department of the Union of Canton. He was in the auto fire and theft end. He remained with the H. G. B. Alexander office when

the representation of Transcontinental was taken in place of Union of Canton. When the firm of H. G. B. Alexander was disbanded, Mr. Grothe went with Continental Casualty.

Pearson to Decatur, Ill.

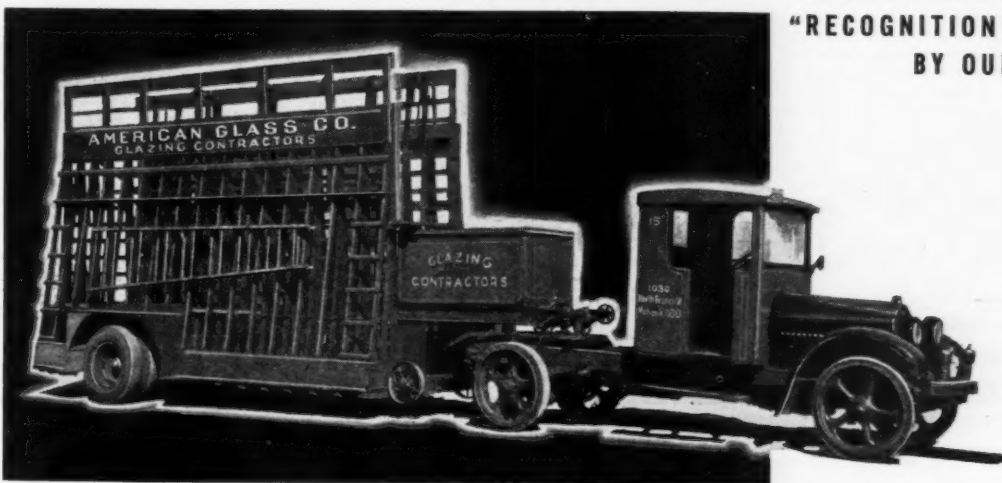
S. Duke Pearson, special agent Indemnity of North America, has established headquarters and residence at 1632 Sunset street, Decatur, Ill. He will continue to report to the western department in Chicago.

Aetna Moves Offices

SAN FRANCISCO—The western branch of the Aetna Casualty and allied companies will be moved from the present Aetna building to larger quarters in the Mills building about Dec. 1.

A. & C. to Write Compensation

NEW YORK—Having now gained a substantial volume of general casualty and surety business the United States branch of Accident & Casualty of Switzerland, of which Neal Bassett is United States manager, has broadened the scope of its operations to include the writing of well selected workmen's compensation risks, increasing thereby the facilities of its representatives.



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WORKMEN'S COMPENSATION

High-Low Is Turned Down

Commissioner Gauss of Michigan Rejects Plan as Discriminatory, Against Public Policy

LANSING, MICH.—Companies favorable to the retrospective rating plan for workmen's compensation were handed their second setback in Michigan when Commissioner Gauss disapproved proposed filing of such a plan by the National Compensation Council.

The same plan had been previously submitted by the National Council to Commissioner Gauss' predecessor, J. C. Ketcham, who also rejected it but in less emphatic terms, explaining that there was insufficient experience with regards its operation at that time, some two years ago, to warrant its approval in Michigan.

Commissioner Gauss refused to enter into a lengthy discussion of the matter in notifying the council at the end of the statutory 15 days' consideration that the plan could not be approved, "as we believe it to be discriminatory and contrary to public policy."

When the plan was first up for consideration, a protesting resolution was adopted by the Michigan Association of Insurance Agents. Some agents recently have expressed themselves as caring little whether the plan was adopted or not. Most of them observed, however, that the compensation situation is relatively stable at present with the Compensation Council's Detroit branch serving as a rating bureau and they could see no advantage in reopening a sore spot through adoption of the new plan.

The Pennsylvania Casualty has been admitted to Virginia.

Seeks to Reassure Assured

Pennsylvania Labor Department Tries to Pacify Industrialists, Upset by Compensation Rate Increases

In view of the consternation that exists among employers in Pennsylvania because of the fact that greatly increased compensation benefits become payable in that state Jan. 1 and an occupational disease law goes into effect at the same time, the department of labor and industry has issued a statement intended to be reassuring.

The statement declares there is no truth in the rumor that the new law will double, triple or quadruple costs to industry. R. M. Bashore, secretary of labor and industry, observed that the rates charged by insurance companies are set by the Pennsylvania rating & inspection bureau. The increased cost to industries, including the O.D. feature, will be about 77 percent. Employers should bear in mind, he said, that under the old act benefits in Pennsylvania were the lowest of any state.

Lawyers, physicians and hospitals will benefit greatly from the provisions of the new act, he observed. Doctors will receive increased amounts for the care of injured workmen. The new act provides that physicians and hospitals will be parties in interest before the compensation board, which will enable them to enforce payment of fees for services.

There are relatively few articles, the price of which cannot be raised to cover the increased cost.

The increased benefits to wage earners, according to Bashore, should more than offset the disadvantages of price increases.

Insurance for compensation now costs

industrialists nine-tenths of 1 percent of wages, he said. Under the new set-up, he estimates that the cost will be about 1½ percent of wages.

The maximum benefits under the new act will be increased from \$15 to \$18 a week and the minimum from \$7 to \$12.

The expenses of the department of labor and industry, bureau of rehabilitation, compensation board and referees are to be paid by employers or their insurers, in proportion to the average number of employees under the act. This provision may add 1 percent to the expense of conducting workmen's compensation insurance, according to Bashore.

LITTLE CONCERN IN PITTSBURGH

PITTSBURGH—No wholesale rejection of the compensation act on the part of western Pennsylvania assured is expected to follow the effective date of the new compensation and O.D. laws.

It is estimated the new laws will bring about an increase of nearly 77 percent in the rates. Some insurance people admit concern over the possibility that the occupational disease law particularly may induce certain firms to become self insurers. It was pointed out that occupational disease hazards exist to a large degree in bituminous coal mining, quarrying, and steel manufacture, which are leading industries in this section. So far no firm has indicated an intention to dispense with insurance covering compensation claims, nor is any expected to give advance warning if such a move is contemplated.

Insurance men in this section discount reports that the state may take action to make compensation insurance compulsory, as they feel that legislation making such insurance other than optional would be unconstitutional.

O. D. QUESTIONS PERPLEXING

Several questions of doubt have been raised as to the interpretation of the Pennsylvania occupational diseases law. In the passage of the act at the last minute, there was written into Section

5 (b) a limitation on the employer's liability for any case of silicosis, anthracosis, or asbestosis, limiting the employer's liability to \$3,600. Elsewhere in the law there is provision for the apportionment of compensation between the employer and the commonwealth in certain percentages in certain classes of cases. A rather difficult question arises whether the \$3,600 limitation applies to the total compensation payable, or is a limitation upon the employer's contribution. Chairman Ullman of the compensation board contends it is a limitation only upon the employer's liability. Certain members of the commission that drafted the bill, however, insist that the intention was to limit the amount of compensation in such cases. It creates a somewhat anomalous situation that during the early years when the commonwealth contributes, higher benefits may be paid in the aggregate than in the later years when the employer has the full responsibility.

Another question arose with regard to the interpretation of Section 7 (a), which provides that in such cases of diseases as the board shall find develop to the point of disability only after five or more years of exposure, there shall be an apportionment of the compensation burden between the commonwealth and the employer, the employer taking 1/10 of the total burden for each year or part of a year of exposure after the law becomes effective until the tenth year, when the employer will take the entire burden. A serious question seems to arise as to the meaning of the language employed in the act, as to whether the board shall, before the first of January, determine a list of diseases in which disability occurs only after five or more years of exposure, or whether such determination should be made on a case basis, as the cases arise. It is understood the board takes the position that it should determine the class of disease in the first instance, while some of the industries feel that in any case where it is alleged that the disease is



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five or more years in contraction, it should come under that division.

A serious question also arises as to the meaning and intent of Section 8 of the new law, which, in effect, holds an employer to be prima facie guilty of negligence as to any employee whom he has caused to be physically examined and who, within a year thereafter, loses his job.

These are not all the questions which probably will arise, but they are the ones which probably will require considerable litigating before they are settled.

ANTHRACITE MEN TO CONFER

State officials in Pennsylvania and representatives of the anthracite coal operators have agreed to hold a conference on the compensation problem. A date has not been decided upon. About 70 percent of the anthracite operators in Pennsylvania have decided to reject the compensation law in its entirety, including the O. D. act on Jan. 1. Whether they will change their minds as a result of this conference remains to be seen. Apparently these operators feel that they can fare better under the common law and without the common law defenses than to go along under the compensation act. Their action in this regard supposedly is prompted by the rather favorable experience of many employers in Massachusetts who have rejected the compensation act and have gone along under their common law rights for the last six years. The report is that those Massachusetts employers have followed the procedure of settling those cases that could be settled on the basis of the compensation law and fighting those where suits were brought, for about 25 percent of the cost under the compensation plan.

Fight Weeding Out of Bad O. D. Risks in Michigan

LANSING, MICH.—The Michigan department of labor and industry has gone on record as determined to prevent any "screening out" of workers now on industrial payrolls because of their liability to contract occupational diseases. The occupational disease act became effective Oct. 29.

Chairman Krogstad said every resource provided by the law would be utilized to prevent employers from submitting men now on the payrolls to compulsory physical examinations to determine their occupational disease susceptibility and to dismiss those found bad risks.

Accident Fund Also Selective

While the act does not cover occupational diseases contracted before its effective date, it appears probable, in the opinion of labor department officials, that some contests will arise in this connection which will be carried through the courts. The department attitude in general, it was indicated, will be that workers not disabled until after effective date of the law will come under it, even though the disabling ailment might have been of a cumulative nature.

Difficulties are envisioned in connection with the placing of abnormally bad risks. Although a rate schedule has been promulgated by the National Compensation Council, carriers are reported to be refusing to write some employers. The state accident fund is said to be adopting the same tactics as private carriers, because of the viewpoint of its management that it would be impossible to keep the fund on an even keel if it accepted all risks rejected by the private carriers. There is no provision in the law making acceptance of risks mandatory and no provision for a pool or other

inter-carrier arrangement to handle sub-standard risks.

Consider Retrospective Rating

The workmen's compensation retrospective rating plan recently filed with Commissioner Carpenter for his approval, is now being discussed by the governing committee of the California Inspection Rating Bureau. While bureau company representatives are in favor of the plan it is reported that some of the non-bureau companies and the state compensation insurance fund are not supporting it to the same extent.

Approve Act for Mississippi

JACKSON, MISS.—Representatives of capital and labor at a meeting here approved a proposed workman's compensation law for Mississippi, which will be introduced in the coming legislature. All but five of the 200 present voted in favor of the proposed law. Opposition was voiced by two members of the "Big Four" railroad unions, who asserted the act would in effect become a "claim agents' compulsory settlement schedule."

Henry G. Kates, manager of the Central Manufacturers in San Francisco, is the father of twin daughters.

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CASUALTY ASSOCIATION NEWS

Purtell Is Chosen President

First Annual Meeting of the Illinois Casualty & Surety Field Men's Club Held at Rockford

The first annual meeting of the new Illinois Casualty & Surety Field Men's Club was held in Rockford. Officers were elected: William R. Purtell, Maryland Casualty, president; Rolla Millure, Aetna Casualty, vice-president; C. P. Nichols, Metropolitan Casualty, secretary; W. L. Jackman, Travelers, treasurer. A constitution and by-laws were adopted and an executive committee was appointed consisting of the following members: Robert France, Metropolitan Casualty, Chicago; C. V. Pittinger, Hartford Accident, Peoria, and C. E. Chapman, Maryland Casualty, Chicago.

In accordance with the constitution, the officers are members of the executive committee.

Various district chairmen were appointed to bring the groups together at Monday luncheons to discuss different

phases of the business. The chairmen are: Roy W. Holland, Employers, Chicago; H. P. Gotti, Aetna Casualty & Surety, Peoria; J. V. Rice, Employers Liability, Springfield; Rolla Millure, Centralia, for the St. Louis district; S. W. Swanson, Hartford, Accident, for Rockford.

The executive committee will hold a session in December to outline the course is to be followed for the coming year, to be directed by a program committee to be appointed at a later date.

Bradley Has Honorary Post

President J. C. Bradley of the Casualty Engineers Association of Chicago tendered his resignation at the first current meeting. This action became necessary, he said, as his duties are now confined to special risks which requires almost continuous traveling. The association however, refusing to accept his resignation, made the position an honorary post with G. H. Cain, first vice-president, becoming active head. John Potter, second vice-president, will assume the first vice-presidency and

Don't Be A Caterpillar!

Caterpillar. The etymologists are all at variance as to the origin of this word. Can it be, as suggested, compounded of the English word cater, to provide provisions, and the French pillar, to steal? This derivation, at any rate, has the merit of being descriptive; a caterpillar does cater, by stealing from our gardens.

—"Words, Facts and Phrases," Edwards

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DECEMBER 31st, 1936

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| CAPITAL | \$ 1,000,000.00 |
| Surplus | 6,123,137.74 |
| Voluntary Catastrophe Reserve | 500,000.00 |
| Reserve for Losses | 3,916,522.75 |
| All Other Liabilities | 1,882,235.29 |
| TOTAL ASSETS | 13,421,895.71 |

NOTE: Securities carried at \$336,887.50 in the above statement are deposited as required by law.

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Charles MacDonald, third vice-president, will become second vice-president.

Topics for discussion at three succeeding meetings have been announced. Low pressure vessels will be discussed at the first meeting, with the second devoted to a discussion of ammonia compressors and refrigerating equipment. It is hoped that engineers from Otis and Roebling elevator interests can be obtained for the third. The showing of a film on the San Francisco-Oakland bridge is planned for the latter.

Truck Expert to Speak

George Grist, superintendent of the automobile safety engineering department of the Globe Indemnity, will be the speaker at the Dec. 1 meeting of the Casualty Underwriters Association of Chicago. It will be a luncheon meeting in the Eitel restaurant in the Field building at 12:30 noon.

His subject will be "The Truck Situation." Mr. Grist is one of the best informed safety engineers in the business and is a graduate of Armour Institute. While the Globe Indemnity is not regarded as a general writer of long haul trucks, it has done some interesting experimenting, especially along the lines of control of accidents.

Casualty Company Activities

Plate Glass Insurance Is Reported in Merger Deal

SAN FRANCISCO—Reinsurance of the business of the Plate Glass Insurance Corporation of America or merger with another company is pending, according to reliable reports. Company officials state "negotiations are pending." The New Century Casualty of Chicago, represented in California by Clarence A. De Veuve, is one of the companies interested. Harold A. Saloman, New Century secretary, is here in connection with the negotiations, and it is understood has made or will make a proposal to reinsure the business.

The Plate Glass Insurance was organized at San Francisco in 1928 with a cash capital of \$100,000. It writes plate glass insurance exclusively, last year writing \$27,467 premiums and paying \$16,907 losses. As of December 31 it had \$174,000 assets. Isaac Friedman is president and R. A. Zeisz secretary-treasurer.

Insurers Indemnity Figures

The Insurers Indemnity of Tulsa, Okla., recently organized, which absorbed the Contractors Casualty of Texas as of Nov. 1, showed capital \$250,000, assets \$511,131, contingent reserve \$5,000, net surplus \$229,684. Of the assets \$374,958 are cash and \$126,068 bonds.

U. S. Fidelity & Guaranty Figures

The U. S. Fidelity & Guaranty, as of Oct. 1, shows assets \$49,714,967, premium reserve \$15,527,249, loss reserve \$20,262,613, capital \$2,000,000, net surplus \$6,269,131. The premiums for the first nine months were \$27,117,166. There was an underwriting profit of \$1,336,281.

Standard Accident's Exhibit

The Standard Accident as of Oct. 1 shows assets \$22,234,450, premium reserve \$7,021,639, loss reserve \$8,921,564, capital \$1,397,110, net surplus \$2,469,491, voluntary reserve \$750,000. The premiums for the nine months were \$13,117,675 and the underwriting profit was \$450,267.

Hartford Steam Boiler Extra

The Hartford Steam Boiler has voted an extra dividend of 20 cents a share, payable Dec. 1 on stock of record Nov. 22. The regular quarterly comes up for

action next month. It paid 30 cents extra a year ago.

N. C. Brainard, president of Case, Lockwood & Brainard, has been elected a director, filling a vacancy created by the death of the late Edward Milligan.

Pacific Indemnity's Showing

The Pacific Indemnity of Los Angeles for the first nine months of this year shows earnings and other realized net profits available for dividends totaling \$697,951, an increase of 17.5 percent over last year.

An extra dividend of 10 cents a share was declared, in addition to the regular quarterly dividend of 40 cents.

Silverman Promotes Company

Max Silverman, who was once connected with the old M. & S. bail bond agency in Newark, is reported to be organizing a new surety company in Newark. He was one of those who sought to organize a company to be known as the Surety Company of America.

Non-Entity Argument of Reciprocal Is Rejected by Pennsylvania Supreme Court

The Pennsylvania supreme court has affirmed judgment of the court of common pleas of Lawrence county against State Automobile Insurance Association of Indiana on account of a judgment obtained against an assured of the reciprocal. This case attracted attention because of the fact that the reciprocal undertook to escape liability by contending that it is a non-entity and so cannot be sued. It took an appeal from the decision of the lower court, but the supreme court apparently did not think much of the non-entity argument.

Attorney William McElwee, Jr., of New Castle, Pa., brought the action in behalf of Mabel B. Long against State Automobile Insurance Association and the assured James Sakdeson. He caused a writ to be served on the Pennsylvania commissioner, who in turn delivered it to the office of State Automobile Insurance Association located in the Payne-Shumaker building at Harrisburg, which is immediately across Third street from the front entrance of the state capitol building. On the window of the door of that office and on the stationery which the association uses appears the name, "State Automobile Insurance Association." The policy was issued by the association in the same name and signed on behalf of the association in the name of the association by an Indiana corporation as attorney-in-fact for the association.

The reciprocal's attorneys contended that since a foreign reciprocal is not an entity at common law because of its nature, and does not become such either because of the name in which the documents are issued, or by consent, or by estoppel, there is no valid statutory enactment in Pennsylvania constituting such exchange an entity.

U. S. F. & G. Writes Big Bond

United States Fidelity & Guaranty is the originating company on a bond guaranteeing performance of a contract for construction of a portion of the Delaware aqueduct tunnel in Putnam county, New York. The contractor is George H. Flinn Corporation and the amount of the bond is \$1,200,000, the premium being \$123,000.

Maryland Casualty is the primary company in writing the \$1,200,000 contract performance bond required for construction of the seven-mile section of the new aqueduct to carry water from the Catskill Mountains to New York City. The bond in the issuance of which 11 other companies participated, was to the S. A. Healy Company, Detroit, successful bidder for the \$10,955,693 project.

Liberty Mutual President Discusses Cost-Plus Cover

(CONTINUED FROM PAGE 32)

cost-plus insurance has considerable appeal if the plan is actuarially sound and if the carriers are protected against shifting from retrospective to prospective rating or vice versa," Mr. Black said. "There is no competitive advantage to any kind of insurance organization, in sound cost-plus insurance. The carrier is relieved of much of the worry caused by high loss ratios during the adverse stages of the experience cycle. Perhaps, it should be added, that the insurance buyer may sometimes be called upon to pay large added premiums when he is least able to. But that is cost-plus insurance."

Compares Two Forms

Of supplementary insurance as opposed to retrospective rating, Mr. Black said:

"Because it is a cost-plus plan, it is subject to some of the same difficulties as retrospective rating. It does, however, have certain virtues. It does give definite insurance protection, within limits, that insurance buyers may reasonably accept. It is sufficiently flexible so it is attractive to buyers whose annual insurance premium is very much smaller than is practically advisable under the retrospective plan and at the same time it is at least as appropriate on the very largest risks. By limiting within reasonable limits the maximum possible penalty for adverse experience there will be little likelihood of insurance buyers purchasing supplementary excess contracts."

"For these reasons it is likely to be acceptable to a larger number of buyers than retrospective rating and because it reduces the penalty for unusual severe accidents may cause fewer disappointments and fewer recriminations against the carriers which advise acceptance of cost-plus insurance. . . . If retrospective insurance gives greater incentive to loss prevention than 'prospective rating' supplementary rating will be at least as effective."

Cites Massachusetts Experience

Mr. Black says that experience in Massachusetts has shown that few insurance buyers are willing to assume all the risks of a substantially increased insurance cost possible under the retrospective rating plan. He said that a strong majority of those buyers who have accepted it in Massachusetts and probably in other states have done so only after buying some form of supplemental excess insurance which eliminated or greatly reduced the risks of additional costs during the current year.

Partial protection from the danger of employers shifting from the cost-plus basis back to prospective rating would result from changes in the prospective plan which would cause a more prompt response in rates to changes in experience, thereby making a shift from retrospective to prospective ratings less profitable, Mr. Black pointed out. He said that it is quite possible that if the lag in the prospective rating plan were reduced, all but the very largest insurance buyers would prefer it to retrospective rating.

Stools at Agency Counters

Where an agency has a counter at its entrance it may find that the course pursued by A. F. Shaw & Co. of Chicago is a good one. This agency purchased some high comfortable stools and placed them alongside the counter. When a person comes in to transact business with the agency, nine out of ten will sit on the stools. Many have remarked that this is a great comfort and gives them an opportunity for a few moments' rest while they are on this errand.

Order newly revised **Right to the Point**—the standard fire agents' manual for 40 years—\$1 from National Underwriter.

Settle Missouri Difficulty Over A. & H. Forms

(CONTINUED FROM PAGE 32)

arate copy of the rider for each form of policy in connection with which it will be used.

Probably the most important point on which the Missouri department has rejected practically all filings of accident and health policies, under the new law requiring approval of such policies by both the insurance superintendent and the attorney-general, was the provision quite generally included that suicide, while sane or insane, is not covered. The Missouri courts have held that suicide while insane is an accident. Suicide while sane may or may not be an accident. The particular rider considered and approved at the conference was one which modifies the exclusion clause of the bureau standard policy by eliminating entirely any reference to suicide. Some companies have a suicide exclusion in the insuring clause and the department has approved riders which merely eliminate the words "or insane," leaving suicide while sane still excluded.

In the same connection, there was some discussion of the exclusion which appears in some policies that the company shall not be liable for injury self-inflicted while sane or insane. The department does not object to such a clause in a health policy or an accident policy which does not provide principal sum for accidental death, but it will not be approved in a policy providing principal sum, "because it might be said to be an effort to circumvent the suicide law in the state of Missouri, unless it is so worded as to clearly indicate it does not apply to principal sum."

Limit on Time for Suit

The other rider presented at the hearing was intended to meet the objections to standard provision 14, which requires suit under a policy to be brought within two years, while the Missouri statutes allow 10 years. The form of rider submitted amends standard provision 15, which extends limitations on giving notice of claim or furnishing proof of loss to comply with the requirements of a particular state, by including "or bringing of an action at law or in equity." Changing the time limit in standard provision 14 from two to 10 years, or eliminating that provision entirely, have also been approved.

Minor changes in other provisions were also reviewed. In connection with the clause, "voluntary exposure to unnecessary danger," the department insists that both "voluntary" and "unnecessary" be included. On the question of violation of law, the department requires that the wording be "resulting from" or "caused by" violating law.

Wording of Application

The wording used by some companies in the application, "that the falsity of any statement herein shall bar the right to recovery if any such statement is material to either the acceptance of the risk or the hazard assumed by the company, or made with intent to deceive," is held objectionable and contrary to the Missouri law and the department requires that the question shall read simply:

"Do you represent each and all of the foregoing answers to be true and complete?"

The requirement of the new law that the description of the policy on the filing back shall be in at least 18-point type was not discussed at this conference, but the department has approved the use of stickers printed in 18-point type which can be pasted over the same wording in smaller type.

There was some discussion of a requirement that the provisions of the policy that have been changed be stamped, calling attention to the fact changes have been made by rider. On account of the difficulty and impracticability of such a course, it was finally agreed that such a requirement will not be made.

Brilliant Jubilee Banquet For Lumbermen's Mutual

(CONTINUED FROM PAGE 32)

Director Ernest Palmer of Illinois and Silas H. Strawn, Chicago attorney and former president of the U. S. Chamber of Commerce.

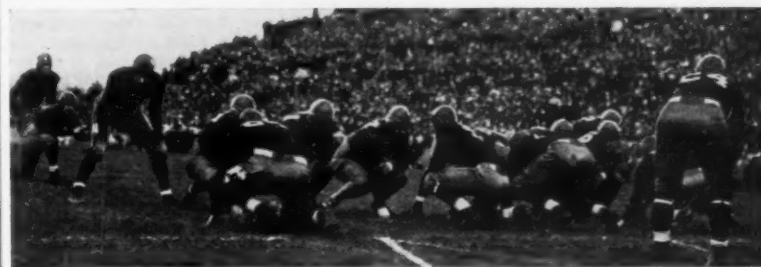
Mr. Kemper, in reviewing the figures of the Lumbermen's Mutual Casualty, stated that as of Oct. 1 the premium income exceeded that of any similar period in its history. The nine months written premiums were \$20,922,351 compared with \$17,539,587 last year, an in-

crease of 19.3 percent. Premiums for the 12 months ending Sept. 30 were \$25,602,279, gain 19.4 percent. He predicted that the premium income this year would go beyond the \$25,000,000 mark.

Mr. Kemper stated that one of the most difficult problems confronting an insurance manager is securing satisfactory investments. He stated that the management felt it advisable to maintain a highly liquid condition. Its holdings of cash and government bonds amounted to 62.7 percent of the assets.

In speaking of general business conditions Mr. Kemper said:

"The present recession that is taking



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place will undoubtedly bring serious problems to all lines of business if it continues for many months to come. Business men as a whole are facing the outlook frankly in endeavoring to adjust their policies to existing conditions. If relieved of some of the tax burdens which are undoubtedly stifling individual enterprises, and assured of a permanently reasonable attitude on the part of government, business could, without doubt, resume its stride toward recovery."

American Automobile Defends Occupational Plan

(CONTINUED FROM PAGE 33)

same premium as the unsatisfactory risk. In doing this they are far more discriminatory and preferential than the system which we are seeking to employ. "The rating system that does not take into account the differences in exposure of a traveling salesman who may drive 30,000 to 40,000 miles a year and a farmer whose automobile may be used only for making infrequent trips between his farm and the near village; and does not take into account the difference between the school teacher, who is a person of superior intelligence and whose average annual mileage is relatively low, and the collector for a small loan company who drives his car through congested streets all day and far into

the night; or between the solicitor whose automobile is exposed to the hazards of heavy travel for long hours every day, and the mechanic who drives his car to his job in the morning and returns to his home at night only to put his car in the garage, eat his supper and go to bed—any system that does not attempt to differentiate between these readily recognizable degrees of risks does violence to the principles of fairness and equity upon which the code provision prohibiting discriminatory or preferential rates is predicted."

Practical Group Method

He said insurance premium rates are and must be computed on the basis of group averages, but since the ideal way would be to have each group bear only the cost of its own insurance, the system that is best and most equitable is one which within limits of practical operations divides the group according to actual differences in exposure to risk.

Mr. Peterson said that probably the ideal of ultimate equality and equity in rating never can be fully achieved but automobile carriers have the continuing obligation to try to improve their rating system and schedule to this end.

He explained that the American Automobile's "ABC" rating plan was evolved from actual loss experience, A risks generally being of superior type not regularly using their automobiles for business or professional purposes except to and from place of employment; B, requiring some business or professional use, and C, consisting of occupations which experience has shown to be unsatisfactory risks. Mr. Peterson commented that from a 25 years' experience in defending automobile claims if he were asked to rate risks by occupation he would do so very much in the manner that the American Automobile employs.

Reflect Omnibus Clause

He stated the fact that one other than named assured may drive the automobile is not a reason for rejecting the occupational rating plan; that the method is not unsound merely because the policy contains an omnibus clause insuring a driver other than named assured. The experience figures on which the classification is based covered policies having omnibus clauses, he said, and therefore accurately reflect the effect of such clauses.

Influence of the omnibus clause upon accuracy of the occupational rating method, he argued, is minimized by the requirement that the policy shall describe specifically the assured's named occupation and also any other person regularly or frequently using the automobile. In conclusion, he said, occupational rating is the most logical, actuarially sound, equitable, non-discriminatory and non-preferential rating basis that has yet been devised.

Liquor Board Law Attacked

MILWAUKEE—Constitutionality of the state law and the city ordinance, under which tavernkeepers have been required to post \$1,000 surety bonds to insure compliance with ordinances regulating taverns and the sale of liquor, has been attacked in an answer filed in circuit court here to the suit of the state to collect on the \$1,000 surety bond provided by the National Surety for Mrs. Lydia Dornbach, local tavernkeeper. The suit is one of the first of 13 collection suits filed in Milwaukee and several hundred others contemplated in Milwaukee and throughout Wisconsin, involving several million dollars. Mrs. Dornbach was found guilty in district court Oct. 5, 1936, of selling liquor during prohibited hours. This, the suit alleges, forfeited the tavern bond.

The National Surety contends that the bond is "void and inoperative" and that an action to collect cannot be maintained. It bases that contention on the claim that the statute "purporting to authorize" licensing authorities such as the city of Milwaukee to determine the amount of cash bond or security which might be furnished in lieu of a surety bond is an "unconstitutional delegation and exercise of legislative authority."

Revelations of Lie Detector

Angerstein, Piggott & Angerstein, Chicago attorneys, used the lie detector to great benefit in handling a claim. It seems that a Checker taxi driver had a serious accident about 5 o'clock one morning. He stated that he had picked up passengers consisting of one woman and two men and came upon two highway trucks going in the opposite direction. About 150 feet behind these trucks, there was an automobile which suddenly swerved over in front of the cab to get by. There was a collision. The cab, he said, struck a hole in the street, which broke the steering knuckle. The cab then bounced over the curb and struck a building. Serious injuries were sustained by the three passengers and heavy claims were made against the Checker company.

Employed the Lie Detector

After investigation a witness was found some distance away who heard the crash and said that he had seen a woman running away from the scene of the accident. The driver and the three passengers denied this. The witness, however, stood his ground, but the identity of the woman could not be learned. Finally the president of the Checker company sent the driver to the office of Dr. O. F. Scott for a general examination and, if possible, to get a lie detector test. He was finally put on the detector. Dr. Scott asked the driver some unimportant questions and then began questioning him, making inquiries about the accident. The important questions were as follows:

1. "Did you know the passengers?" To this question the driver answered "No."
2. "Were they friends of yours?" The driver also answered no to this question.
3. "Was it a paid fare?" The driver answered in the affirmative.
4. "Was Miss — a passenger?" The driver answered "No."
5. "Was Miss — driving the cab at the time of the accident?" The driver answered "No."
6. "Were you driving the cab at the time of the accident?" The driver answered "Yes."

Results of the Lie Detector

The lie detecting machine indicated that all the answers were not true and Dr. Scott's findings were as follows: That the cab driver knew the passengers; that they were friends of his; that the passengers were paying no fares; that Miss — was a passenger at the time of the accident; that she was driving the cab; that the taxi driver was not driving the cab at the time of the accident.

When confronted with the evidence the cab driver sought the claim manager of the Checker company and stated that the mysterious woman leaving from the scene was his sweetheart and the driver and the three passengers were all friends who had been to a party together. The passengers were not paying any fare and hence the Checker got out of the mess with a nominal amount in payment.

Fifty-Fifty Plate Glass Policy Proving Profitable

While in the past there were many who decried the 50-50 plate glass policy, saying that it was illogical and eventually would prove a failure, the experience has proved otherwise. This is due largely to the fact that assured taking this policy will not replace a cracked pane if it is not serious, whereas if he were insured he would require replacement. Companies writing the 50-50 policy find that their loss ratio is less on this form than the regular contract. Altogether it has proved satisfactory.

Samson Act Not Covered

MADISON.—Ruling that the Wisconsin workmen's compensation insurance act is not designed to compensate for injuries sustained in "quenching the thirst for knowledge" nor a "personal desire to be a Samson or a Houdini," Judge Reis in the Dane county circuit court has dismissed the appeal of Robert Peterman against the Harry D. Doering Company and its insurer. Compensation was refused for injury suffered when Peterman attempted to stop the shaft of a logging engine with his hands. Judge Reis held that Peterman was not "on the job" when he was hurt trying to find out "how powerful a motor was."

Merit Rating Is Extended

A new feature is to be introduced by the Indemnity of North America in its automobile merit rating plan beginning Jan. 1. Heretofore those assured who have had no claims for two years have been given a 10 percent rate credit and those who have had a no accident record for three years have gotten a 15 percent credit. Now, the principle is extended, so that those who go four years without an accident will get a 20 percent credit.

Burglary Losses Increasing

Burglary underwriters report that there is quite an increase in interior robberies and holdups. Drug stores, grocery stores, delicatessen places, etc., are reporting numerous losses of this kind. For the past two or three years burglary

business has been exceptionally profitable and there has been unusually little trouble. Some theorize that criminals may be going back to old-fashioned methods of making a livelihood, turning away from some of these newer methods such as hijacking, kidnapping and racketeering.

REJECTED RISKS

INFLATION

Some people worry, "Oh, what will we do? Inflation's coming, we'll never get through." There's no use to fret, just bury your fear, Hold up your head and wait till it's here.

Some folks advocate buying a farm, They think it's one way to spread an alarm, They say you'll be sure then of three meals a day Everything else is to go—so they say.

Let us turn back the pages and look at the past, It seems each depression resembles the last, Keep your feet on the ground, let's all do our best, Working together we'll still meet the test.

Throw the pessimist out, let's work with a smile, Let the optimist in, you'll find it worth while, There are still many folks not as happy as you, Help someone in need, you'll forget to be blue.

Let's beat the old hoodoo—and work our way out, Don't stand on the corner with a long face and pout, It's still the old story, I don't think it's new, You help your neighbor and he'll help you.

—C. E. Stiles, Local Agent,
Chippewa Falls, Wis.

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Prospect Must Be Made to Visualize Liability Needs

By RAYMOND NETTLESHIP

This is part of a talk on liability coverages given at the annual meeting of the California Association of Insurance Agents at Hollywood. Mr. Nettleship, who heads his own agency in Los Angeles, presents a graphic picture of the liability insurance needs of the average merchant.

The liability field offers a greater opportunity for service and reward to the agent than any other line. Requirements of banks and other financial institutions have so impressed fire insurance on the public mind that custom has made that coverage an obvious necessity. The same thing applies to physical damage coverage on automobiles. Although the question as to liability coverage appears in most bank loan applications, I have never heard of a bank requiring liability coverage.

Cannot Visualize Liability Insurance Needs

A man can see his building, his stock, his automobile, and he knows what they cost him, but liability is not tangible and evident to the physical eye. It has to be pictured to a man that his loss as a result of an unforeseen accident to an unknown individual may cost him a great deal more than the destruction of his building or stock by fire; that a sheriff's judgment extends over all his physical assets and does not limit itself to any one piece of property or any one type of asset.

The opportunity is great in the liability fields, because it is one of creative selling. It is necessary to create in the client's mind the need for and the very real value of liability coverages. The agent who can do that places himself in a unique and enviable position in the insurance buyer's mind because he stands out from his competitors as a counselor and advisor rather than a seller of rates and policies. Fire and other commonly called for coverages frequently follow almost automatically to the agent who has shown the customer a definite and important need and filled it for him. The buyer gets the attitude of mind that the agent who was intelligent enough to provide protection against a serious potential loss, previously undiscovered or unappreciated, can probably improve his protection in fire and allied coverages.

Coverages Needed By Small Merchant Outlined

What are the coverages for which there is a very definite and demonstrable need? Obviously they will vary with the type of business our prospects operate and the type of buildings they own or occupy. The small merchant, whether he be grocer, hardware, clothing, or sundries, has a responsibility to the public which he has invited onto his premises; a responsibility which extends beyond his merchandising rooms. It extends from the street in front of his premises to the alley in the rear of his store. In front of the store, there is the window cleaner with his bucket and his squeegee to fall over; advertising racks, awnings, and maybe the mat in front of the door in wet weather. Then there is the merchandise which has been delivered at the sidewalk. A little hand truck used for conveying merchandise into the store struck a woman's heel and the insurance

company paid \$2,500. How many small merchants would have much of a profit left for a year's work after they had paid \$2,500 as the cost of a second's carelessness on the part of the stock boy or store porter?

Inside the store there's the matter of the floor covering; the counter with the chipped and sharp top; the item of merchandise temporarily on the floor; the stairs to the mezzanine; the stool or chair with possibilities of defect; the lavatory to which the public is occasionally admitted. In the small community particularly that last item is often a serious hazard. Then there may be an alley and a yard behind the store. Are there any attractive nuisances (as the law terms them) packing boxes; platforms, ladders which might attract children looking for amusement? How about access to water, gas, and electric meters. The meter reader is a member of the public.

Don't Put Prospect on the Defensive

Don't put the prospect on the defensive by pointing out poor housekeeping or hazards that can be readily remedied in his store. Be careful not to become an uninvited critic of his premises. Talk about conditions found in stores and claims made by the public and let him put on the shoes himself. Point out that a merchant doesn't have to be guilty of negligence to find that his premium for owners, landlord's and tenant's public liability insurance was a splendid investment, but that the unreasonable attitude of a large share of the public and the readily available services of attorneys make such coverage a necessity.

The merchant's liability extends outside the store if he makes deliveries regularly or on occasion. If he owns a motor vehicle, the hazard is obvious, but how about the less obvious hazard of the clerk who delivers something in his own car on the way home? How about the employee who drops by to see a customer in the evening? How about the employee who goes to the post office; to the bank, or who makes collections? Does he ever use an automobile? If he does, contingent liability or non-ownership liability is a real need.

Druggist Has Unusual Hazards to Consider

Next to the grocer, the type of merchant found in greatest number is probably the druggist and here we have in addition to the usual hazards, such as the druggist's liability for incorrect filling of prescriptions. It doesn't require much imagination to picture to a drug store proprietor the very real risks he is forced to assume and normally the coverage has only to be explained to be sold.

There is a baker in nearly every community and often a maker of preserves, a soda water bottler, a canner of food products. Somehow or other the inclusion of foreign matter in foods is quite frequent and the claims ensuing therefrom are common enough to make products liability coverage salable and desirable. Explosion of bottles containing carbonated beverages is within the experience of all of us.

Before leaving the building owner or occupant, let's not overlook the exclusion in the liability contract against contractual liability. If there is a spur track be-

hind the assured's premises nine chances out of ten the owner or occupant has signed an agreement to save the railroad harmless in event of injury on the spur track—a contractual liability which must be taken care of by special endorsement on the liability policy.

Suggests Upper Limits on Elevator Liability

The existence of an elevator presents so obvious a hazard as to hardly warrant comment, but a suggestion in passing is that the upper limits should be written for more than double the lower limit, such as \$5,000/\$25,000 or \$10,000/\$50,000.

A coverage needed by practically every active business and frequently overlooked, is owner's protective liability insurance which assumes the liability of the assured for any work or service rendered by a contractor. Inasmuch as a general liability policy excludes work done under contract, there is a serious loophole in the absence of an owner's protective or contingent liability contract. If a merchant has his store front repaired by contract a general liability policy excludes this operation and even although the contractor may himself carry liability insurance, suppose the injured party sues both the contractor and the store owner, which would be the probable course of action? Then again suppose Mr. Merchant contracts for the delivery of merchandise either regularly or on occasion. A general liability policy excludes automobiles. The owner's protective policy is unique among liability contracts in that there is no automobile exclusion. There are many many times during the year when some operation incidental to the conduct of the business is contracted for.

Even a residence presents a definite and provable liability hazard to its owner. The meter readers; delivery clerks; tradesmen and guests are all members of the public. Worn steps and loose handrails, broken walks, garden tools and hoses have all caused accidents. If the owner has a dog, there's another possibility, and if there are children,—marbles, skates, bicycles left on sidewalks have definite potentialities for injuries to the public and consequent liability. Large trees on the premises which may be blown down afford still another cause of accidents.

Wall Bed Falls in Middle of Night

The plumber, the tinsmith, the painter, and businesses which render service outside their own premises, face definite liabilities. Many such employers while recognizing a liability to those he considers the public, failed to appreciate that another's employees are as far as he is concerned also the public. Covering his own employees with compensation insurance, he assumes that the compensation insurance of the other employer relieves him of liability if his workmen cause an injury to the other man's employees. A tinsmith assured was doing a small job in a local factory which was in operation. It involved installation of an overhead ventilator. A wrench fell and struck a factory hand on the forehead. Is the tinsmith employer responsible? Yes, indeed. The factory's compensation carrier paid under the compensation act but subrogated its loss against the tinsmith and the injured factory hand has now filed suit for personal injuries, which he will collect in some amount.

We had a claim caused by the falling of the upper part of a wall bed on to the occupant in the middle of the night. Investigation proved that a carpet company in laying new carpets had removed the bolts which originally se-

cured the bed and in putting the bed back had fastened it with heavy screws. In the course of six months, the screws had gradually pulled out and thus the accident. Clear liability on the part of the carpet company was covered under manufacturer's and contractor's form of public liability written on a payroll basis. Any merchant rendering delivery or installation service has a discoverable need for liability coverage outside his premises.

Building constructions obviously present liability hazards and the issuance of a single liability policy to the general contractor does not answer the whole problem, particularly in this day of specialization and consequent heavy subcontracting. Three forms of coverage must be considered and frequently used; owners protective for the owner; direct liability for the contractor; contingent for the subcontractor.

Appreciate Suggestion on Covering Domestic Help

Our clients appreciate the suggestion that they voluntarily bring their domestics under the terms of the act by taking out compensation insurance, or in lieu thereof, employers' liability coverage. It is important to call the attention of the insured to the difference between compensation insurance and employers' liability on classifications exempt from compulsory compensation such as domestics, farm labor, and casual labor. Unless the agent has made the distinction in coverage clear, the danger of selling a man compensation on his store help and employers' liability on his domestics is that he won't understand and will be resentful when his compensation policy pays for the cut finger of his store employee and his employers' liability policy does not pay for the finger the cook cuts while peeling potatoes.

The liability field offers a greater reward for the agent who cares to take the time and trouble to thoroughly explore the exposures to loss which any business or property owner faces, and who has the imagination and ability to picture to the prospect the minuteness of the premium compared to the protection afforded. New liabilities are being created almost every year by changing legislation and the property owner and merchant is being made increasingly more sensitive to the fact that it is more difficult to safeguard the money he has made than it is to make it. Let's profit by the combination of circumstances which gives us an unparalleled opportunity to render service and be paid for that service.

Pastes List in Phone Book

H. P. Warren, special agent of the North British & Mercantile in Providence, R. I., has pasted in the back of his telephone book the names of all of his agents, together with telephone numbers. The list is not easily misplaced and is kept with the general telephone reference book.

Contacting New People

Some agents have been able to edge in on some valuable business by keeping a close track of new people moving into their town and making some gesture to them in the way of a welcome. Very frequently newcomers are allowed to locate unnoticed and unsung. These agents either call, send a letter, offer to render any service, give information, etc. Insurance may not be mentioned at all. The approach may be through some other direction. The results, these agents find, are lucrative.

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Outlines Ohio Activities

Warden Jeffries Says Department Is Rejecting Agents Licenses for Those of Financial Institutions

CINCINNATI — Activities of the Ohio department were described by L. U. Jeffries, warden, at a meeting of the Cincinnati Fire Underwriters Association. He complimented the association on the high ethics and quality of Cincinnati agents.

New applications for agents' licenses by persons connected with financial institutions are consistently rejected, whether the applicant retains the commissions or not, he said.

The department is reluctant to permit the taking down of deposits after a company ceases to write business in the state and all claims have been settled. Ordinarily, about 15 years is required to elapse after the company has withdrawn from the state before it may withdraw its deposits. Mr. Jeffries also discussed the countersignature law and departmental work in preventing pressure being placed on the mortgagor in the placing of his insurance by the mortgagee. No Ohio risk of a licensed company may be reinsured in an unauthorized carrier, Mr. Jeffries said.

Hospital associations operating in one county are not under the supervision of the department. At the last session of the legislature, a large organization in northern Ohio attempted to get legislation through which would permit associations to operate on a state-wide basis. The legislation was opposed by the department on the ground that the coverage was obtainable in regularly licensed companies. The bill did not pass.

Theodore Safford, president of the association, appointed a committee consisting of W. A. Earls, chairman, George Grimm, J. G. Wright, W. S. Hukill, and J. A. Haass, to prepare a memorial resolution for the late L. G. Hopkins, age 91. Mr. Safford announced a meeting in January. The membership application of Vincent Cook, a new agent, qualifying with the Buffalo, was accepted.

ADJUSTERS (Cont.)

WEST VIRGINIA

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MAIN OFFICE FAIRMONT, W. VA.
BLUFIELD, W. VA. CLARKSBURG, W. VA.
Ferry Building, Goff Building
HUNTINGTON, W. VA. WHEELING, W. VA.
Chesapeake & Ohio Bldg. Wheeling Bank and Trust Building
CHARLESTON, W. VA.
Kanawha Valley Building
PARKERSBURG, W. VA.
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WYOMING

JUDD W. CROCKER
CLAIM DEPARTMENT, INC.
402 Hynds Bldg.
Cheyenne, Wyoming
Clarence R. Ferguson
Branch Manager

Hildebrand Field Secretary

Pick Muskegon Man for New Position in Michigan Association of Insurance Agents

The governing committee of the Michigan Association of Insurance Agents at a meeting in Lansing selected W. O. Hildebrand of Muskegon as field secretary of the association. That is a new position created at the recent annual convention. Mr. Hildebrand is connected with the Smith, Easton & Quick agency. He had been with that agency only since September. Previously he was Michigan special agent for Metropolitan Casualty and Commercial Casualty and before that was with the Christian Mack agency in Ann Arbor.

He will look after the formation of new local boards, expansion and strengthening of old ones, will keep in touch with the insurance department and legislature and act as "trouble shooter" in difficulties throughout the state. He will also be an important factor in the Business Development program.

Mr. Hildebrand will remain in Muskegon a few months, moving to Lansing in the spring.

In Ann Arbor he served as secretary and as president of the local board. With his removal to Muskegon he met the present state association president, Martin Mullally. Through his association work he had become acquainted with a number of other association leaders. Impressions among these leaders were favorable and Mr. Hildebrand became the leading candidate for the post when it became known that he could be obtained.

A younger brother, Willard Hildebrand, made a name as one of the outstanding football linemen of his time, playing on the University of Michigan teams of 1932, 1933 and 1934, one of which was national champion.

Unemployment Act Explained

Gasoline Station Losses, Personal Property Floaters Discussed at Detroit Agents' Meeting

DETROIT — The extension of the Michigan unemployment insurance act to cover all types of workers, business and professional men and the like, was advocated at the November meeting of the Detroit Association of Insurance Agents by C. W. Dorn, assistant general counsel Michigan unemployment insurance commission. A. I. Dreifus, Woodward agency, presided.

Mr. Dorn traced the history of this movement and predicted further development along the lines mentioned. The first experience rating will become applicable to employers in 1941, he asserted, when those employers who have a minimum of 8 percent of their payroll in the reserve fund at that date will be rated according to their individual experience, which may go as low as 1 percent per year, provided there is no benefit charge against them for a minimum of three years and four months.

Several recent losses due to faulty installation of vent pipes in gasoline stations were called to the attention of the agents by R. Z. Alexander, American Automobile, chairman of the association's automobile committee. As a result there is a petition now before the building code committee in Detroit to have a clause added to the code for-

ing gas stations to place vent pipes outside of the buildings.

Mr. Alexander called attention to some confusion that might result in certain instances from use of charts rating casualty companies.

Personal Property Floater

A. McM. Creed, chairman of the marine committee, spoke strongly in favor of the personal property floater for use in Michigan. He favors its introduction into this state without the fire cover at the main location being necessary. Texas and Florida now have the floater on this basis, he pointed out. Missouri has a special form and 36 states in all have some form of personal property floater.

Action taken by the Detroit Association some time ago indicated that members apparently felt the personal property floater should not be introduced in Michigan in any form. At that time the consensus seemed to be that it would open the door for cut-rate competition, particularly out of Chicago. Mr. Creed pointed out that use of the personal property floater offers the advantage of requiring 80 percent insurance-to-value ratio and the property must be scheduled. Without the use of this form, he asserted, it is difficult to secure 80 percent coverage, which has the advantage of avoiding dissatisfaction of the assured resulting from under-insurance, in case of loss.

President Dreifus appointed a nominating committee to bring in a slate of four directors to be elected at the annual meeting in January.

Big Loss in Columbus, O.

Three Chain Stores Involved in North High Street—Loss May Be as High as \$750,000

Loss in the North High street fire in Columbus that centered about three chain stores may reach \$750,000.

The Kresge Company store and contents suffered little damage and this concern carries no insurance.

The building in which the F. W. Woolworth & Co. store was located and the contents are a total loss. This was the second Woolworth fire in Ohio in recent weeks. The first was in Mt. Vernon. The loss there was about \$50,000.

The Woolworth Company contents were insured for \$160,000 and the loss is total. The insurance is divided among Continental, Aetna Fire, North British & Mercantile and Home. There was \$50,000 insurance on improvements and betterments.

The building in which the Woolworth Company was housed was at 111 North High street. The assured is Edward M. Nicholas. The Home had \$12,750 on the building and National Union had \$38,250.

The building in which the F. & W. Grand Company, a subsidiary of H. L. Green Company of New York, was housed, was at 105-09 North High street. The assured was E. Mithoff Nicholas and others. The Home had \$15,575 and National Union \$46,752. The loss was total.

In addition to the Kresge loss there were about a dozen exposure losses.

Fire Started in Basement

The fire started in the basement of the Woolworth store and communicated to the building in which the F. & W. Grand store was located. The Woolworth and Grand establishments are total losses but there is comparatively little loss to the Kresge store. The Western Adjustment is handling a large part of the loss and Prentiss S. Reed of New York is representing the insurers on the F. & W. Grand loss.

Both the Woolworth fires in Columbus and Mt. Vernon started in the base-

ment, where considerable Christmas goods, much of it of a flimsy nature and some of it, it is understood, of the celluloid type, was stored.

Individual losses in Columbus are estimated as follows:

Buildings, \$240,000; F. & W. Grand Co., \$250,000; F. W. Woolworth Co., \$200,000; Kahn Jewelers, \$25,000; Schreck's photograph studio, \$15,000; Franklin Post, American Legion, \$20,000; Dr. Russell Lamb, dentist, \$4,000; Kresge's, \$3,000.

Loss on the F. & W. Grand store will aggregate close to \$170,000. Of the total loss, \$90,000 is upon stock; \$40,000 on fixtures and \$40,000 use and occupancy. While there will be a salvage on stock, the amount will be infinitesimal.

Sizable Middle West Losses

In the past week there have been several other sizable fires in the middle west. Fire in the coach shop of the Chicago & Eastern Illinois railroad yards in Danville, Ill., caused loss estimated at \$200,000. The insurance is carried in the eastern railway underwriters syndicate.

A loss involving several buildings in Mason City, Ia., is reported in the newspapers as amounting to \$200,000.

In Galesburg, Ill., fire starting in the Kenway Venetian Blind plant caused insurance loss there of \$12,000 and the heat set off the sprinklers in the adjacent Gross Galesburg Company, causing a water damage loss estimated at \$80,000. There was \$200,000 insurance there. The Gross Company is a manufacturer of overalls.

Twenhoefer to Organize Southern Illinois Agents

E. W. Twenhoefer, prominent local agent of Belleville, Ill., has wired to THE NATIONAL UNDERWRITER as follows:

"Upon my return from my winter vacation, I shall give serious consideration to the suggestion of forming a southern Illinois insurance association, believing that their influence will help the insurance structure in Illinois. I will hold no office but will give my time and money to the cause."

Iowa Mutuals Hit Farm Bureau Stock Company Move

The Iowa Association of Mutual Insurance Associations at its annual meeting in Des Moines adopted a resolution criticizing the Iowa Farm Bureau Federation for organizing a stock fire company. The memorial contends that it is inconsistent for a cooperative enterprise to engage in the stock fire insurance business. If the bureau had to be in that business at all, it should continue as mutual or cooperative insurance, the resolution contended.

Another resolution provides for approval of standard fire policies used by county mutual associations to be given by the secretary of the Iowa Association of Mutual Insurance Associations. The standard form adopted several years ago is to be copyrighted, the resolution provides.

H. J. Rowe, head of Home Mutual of Des Moines, was elected president. He succeeds O. T. Wilson of Mt. Pleasant. H. F. Gross, Des Moines, was elected vice-president. Harry L. Gross, Des Moines, was reelected secretary. New directors are D. D. Paxson, Algona; A. D. Krebell, Donnellson; C. P. Barker, Birmingham; M. Larsen, Hamilton; C. Fred Morgan and L. T. Jones, Des Moines.

The convention was attended by 258 representing 110 associations.

H. L. Gross is commencing his sixth



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term as secretary. H. F. Gross, his father, new association vice-president, is secretary of the Iowa Mutual Tornado of Des Moines.

John Evans, Grinnell, chairman uniform standard policy committee, reported about 30 percent of county mutuals had adopted the standard fire form. Representatives of the Federal Land Bank of Omaha, present at the meeting, endorsed the standard form of policy, and declared it made the work of passing on loans by the bank easier.

Other speakers included Garfield W. Brown, American Mutual Alliance, Chicago, who discussed social security law problems.

Frank Callander, complaint counsel Iowa department, discussed the uniform policy; J. Vincent Pyle, Iowa state fire marshal; Frank D. Paine, Iowa State college, W. C. Children, Council Bluffs, former association president; W. T. Emmons, What Cheer; Orrie Imes, Cedar Rapids, and Prof. Henry Giese, Iowa State college, also spoke.

H. P. Cooper, secretary National Association of Mutual Insurance Companies, in his address, stated:

"Big increases in surplus or insurance in force are not necessarily signs of progress.

"Real progress is a spiritual movement rather than a financial one. The progress of mutual insurance has been that its leaders have learned to know and trust one another and to work harmoniously and enthusiastically together.

"Business filched from other mutuals in their times of distress, and surplus accumulated through misrepresentation and half truths are not signs of a forward movement."

Albert Ossian, Stanton, was renamed president of the Farmers Mutual Reinsurance Association at its annual meeting in Des Moines. George Shaw, Plover, was reelected vice-president, and John Evans, Grinnell, secretary.

The report of Secretary Evans showed the finances of the association in excellent condition and that the association is aggressively servicing the county mutuals.

North Dakota B. D. Meets

FARGO, N. D.—Business Development meetings at Fargo and Jamestown closed the series of seven zone meetings of the second leg of Business Development work for North Dakota.

C. D. Smith, local agent, presided at the Fargo meeting. Speakers were M. T. Hower, Royal-Liverpool group; F. A. Nelson, Norwich Union; Claire Simpson, Fargo local agent, and T. P. Davis, Phoenix of Hartford. Twelve local agents and 14 field men attended.

At the Jamestown meeting F. W. Newberry, local agent, presided. Speakers were L. C. Johnson, Providence Washington; R. F. Thompson, Hartford Fire; George Hull of Hull & Co., Fargo, and Mr. Davis. Thirteen field men and 12 local agents attended.

Wolfe Talks on New Form

H. O. Wolfe of Wolfe & Hart, law firm of Milwaukee, addressed the meeting of the Milwaukee Board Tuesday evening on the new supplemental contract, giving particular attention to the riot and civil commotion and explosion features.

At the dinner installation of new officers elected at the October meeting took place. Val Gottschalk is president and Ralph Martin vice-president. The committee in charge was under A. S. Walsh of the Chris Schroeder agency.

Minnesota Men Bereaved

ST. PAUL—Within the past week three prominent Minnesota insurance men have been bereaved. Mrs. Ann Linnell, wife of Thomas G. Linnell of Enck & Linnell, died at her home. Mr. Linnell is a past president of the Insurance Club of Minneapolis.

The following day Mrs. Joseph Rogers died at her home in St. Paul. She was the mother of Marcus, Frank and Joseph A. Rogers, Jr., and of Miss Genevieve Rogers, all identified with the

insurance business in St. Paul as members of Rogers & Field, general agents, and the Joseph A. Rogers agency.

At Eveleth, Minn., the mother of Harry A. Levant died. Mr. Levant is a member of the executive committee of the Minnesota Association of Insurance Agents and chairman of its membership committee.

Hold Public Liability Class

A large group of copper country agents gathered at Hancock, Mich., to attend classes on public liability coverage given under the auspices of the Houghton County Association of Insurance Agents, with George Goetz and Urban Krier as instructors.

Lawton-Byrne-Bruner Campaign

The Lawton-Byrne-Bruner agency of St. Louis is in the midst of a two months new accounts campaign. H. C. Stoll, inland marine department manager Millers National, is offering cash prizes to the three leaders in inland marine production, suggesting that the producers specialize in the so-called economy home floater issued by Millers National.

Ralph A. Ferson, assistant secretary personal accident department Hartford Accident, is offering prizes to the leaders in personal accident production.

Lawson Cats Meow Speaker

E. D. Lawson, western marine manager Fireman's Fund, spoke at a meeting of the St. Louis court of the Cats Meow. John L. Kelly, most wise and powerful meow, presided.

Hear Sprinkler Inspector

TOLEDO, O.—A. J. Hamilton, inspector of sprinkler systems for the Ohio Inspection Bureau, spoke at a luncheon of the Toledo Association of Insurance Agents, reviewing some of the unusual situations he has encountered.

New Premium Finance Co.

MINNEAPOLIS—The Minneapolis Premium Finance Co. has been incorporated to finance fire and casualty premiums. Capital is \$5,000 with liability limited to \$100,000. Incorporators are Al W. King, Anna L. King and Don E. Heathcote.

Sign for Hospital Service

ST. PAUL—A number of insurance offices in the Twin Cities have signed up for the hospital service offered by the Minnesota Hospital Service Association, including the Minnesota Blue Goose, U. S. Fidelity & Guaranty, John Hancock Mutual Life, Fidelity & Casualty and Hardware Mutual Casualty.

Seek Building Code for County

MILWAUKEE—Adoption of a building code setting up minimum requirements for construction of residences in unincorporated areas in Milwaukee county is asked of the board of supervisors in a resolution of the Milwaukee Real Estate Board. Action on a code is being delayed until legal ruling has been obtained on the powers of the county board to regulate construction in rural areas.

Meeting Held at Faribault

The Southern Minnesota Agents Regional Association held a meeting at Faribault with 68 field men and local agents in attendance.

George Bassingwaite, manager Faribault chamber of commerce, gave a short address of welcome. E. A. Stork of Albert Lea gave a resume of "Current Insurance News." L. C. McGee of the Aetna Casualty & Surety treated "Casualty Insurance." W. T. Norton of the Minnesota public safety commission explained the organization and work of the committee. Dean Perry, under the topic of "How Much May We Expect from a Business Development Program?" gave an outline of the program for the coming year. President



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Ray Ostrander urged as many members as possible to attend the testimonial dinner for National President C. F. Liscomb. On invitation of Donald Scott the next meeting will again be held at Faribault Dec. 21.

Manitowoc County Costs Cut

MANITOWOC, WIS.—Fire insurance rates for the courthouse, county jail and armory have been cut nearly 50 percent as a result of a rerating by the Fire Insurance Rating Bureau and other economies in underwriting costs. The saving on policies coming up for renewal this year is \$582, according to Edwin Scholton of the First National Insurance Agency. The county insurance, which is distributed among nearly 20 agents in the county, is being set up so that equal proportions come up for renewal each year.

Mutual Agents Organize

MILWAUKEE—The Wisconsin Association of Mutual Insurance Agents was organized at a meeting here of agents representing mutuals throughout the state. H. A. Hinze of Sheboygan was elected president; H. P. Otten, Milwaukee, vice-president, and E. P. Hocking, Janesville, secretary-treasurer. Directors are J. P. Forst, Milwaukee; Junius Pleuss, Manitowoc; Nelson Lerdahl, Madison, and Frank Mongin, Green Bay.

Approve Yetka Finance Ruling

ST. PAUL—Local agents, company men and commissioners have endorsed the ruling of Commissioner Yetka barring finance companies from forcing their patrons to switch their insurance.

Mr. Yetka's office has just completed a compilation of responses to his ruling up to Nov. 10. From 420 companies furnished copies of the ruling 323 replies were received, of which 27 highly commended the ruling, Commissioner Yetka says, and none filed objections to it. Letters commending the ruling were received from 15 agents and two commissioners.

Ban Meetings in Capitol

MADISON—Mutual insurance organizations which have for years used state capitol meeting rooms rent-free are affected by a new policy of denying use of such rooms to all but definitely official state organizations, announced by state officials. Pressure from so many organizations for meeting space made promulgation of the new regulations necessary, it was explained. Only political or religious meetings have heretofore been banned. A number of mutuals have in their by-laws a provision that regular meetings shall be held in the state capitol. Under the new rule the only exceptions will be meetings sponsored or financed by the state or one of its departments.

Fire Did Not Damage Agency

Fire caused \$10,000 loss to the Wabash Valley Trust Company building and some of the adjoining property at Peru, Ind. The trust company conducts one of the large agencies in central Indiana. The insurance office part was not involved in the fire and all the insurance records were preserved. The bank carried fire and U. & O. insurance. W. G. Smith is manager of the insurance department.

IN THE SOUTHERN STATES

Fallen Building Decision

Arguments of Assured Are Rejected by Georgia Court of Appeals in Gainesville Windstorm Case

Interest is taken in the reasoning of the court of appeals of Georgia in its recent decision in Nally vs. Hanover Fire, which is one of numerous suits that arose from the tornado in Gainesville, Ga., in the spring of 1936. This assured's property was blown about in the tornado and then caught fire. The assured sought to collect under his fire insurance policy despite the fallen building clause. He argued that the fallen building clause should be construed to mean that liability ceased only if the fall of building or a substantial part thereof is attributable to force of gravity or defective construction or innate weakness or condition. Otherwise the assured contended the clause is immaterial, without consideration, contrary to public policy and is a gambling stipulation because it is not conditioned upon increase of or effect upon the risk.

The court, however, said the plain meaning of the clause is that only in event that fire should cause the building to fall would the insurer be liable for destruction of the goods by fire after the substantial collapse of the building. The test of liability was not whether the effect of the fall would increase the risk, but the event itself. Being made a part of the contract, both parties are bound by such provision.

The assured also set up an argument along these lines: At the suggestion of his agent, the assured submitted proofs of loss. The assured incurred some expense in doing so. Therefore the action of the agent acted as an estoppel against the insurer as to setting up its defense. This argument the court rejected.

S. R. Kennedy in Florida

Sidney R. Kennedy, president of the Buffalo, was a recent visitor to St. Petersburg, Fla.

Credit and Insurance Viewed

Wilson Tells Plans for Cooperation—Ragland Compares Work of Underwriter and Credit Manager

RICHMOND, VA.—Discussing the relation and importance of insurance to credit, W. Owen Wilson, immediate past president of the National Association of Insurance Agents and head of the Davenport Insurance Corporation of Richmond, and Stuart Ragland, president Insurance Exchange of Richmond, addressed the Richmond Association of Credit Men at its November dinner-meeting. As the representative of the National Association of Insurance Agents on the advisory board of the insurance division of the National Association of Credit Men, Mr. Wilson told the Richmond credit men that committees of fire and casualty agents were being organized throughout the country for cooperative work with local credit units in 122 cities. Stressing the importance of this work, he said that the insurance men would endeavor to serve as best they can in an advisory capacity the needs of local units of credit men. The Richmond credit men manifested much interest in the plan.

Ragland Outlines Coverage

Mr. Ragland outlined his idea of the different types of insurance that it would be well, in his opinion, for the average credit manager to consider as being important in the credit consideration of a risk. He said that the credit manager among all classes of business men is perhaps mentally and temperamentally more kin to the insurance underwriter than any one else. "Each has business brought to him for acceptance or rejection," he pointed out. "If either rejects too little he brings losses upon his company. If either rejects too much, he drives away good business along with the bad. Each must have a broad knowledge of business, a keen insight into the significance of prevailing trends and tendencies, and a level head not

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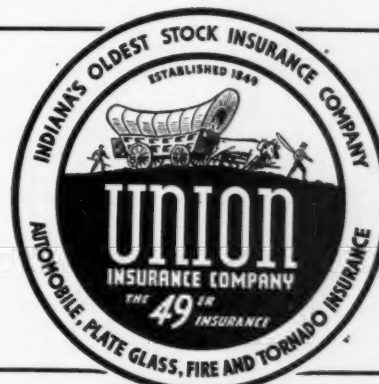


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easily unbalanced by his emotions. Good insurance underwriters and good credit managers both run the risk of occasionally being considered hard boiled, but as a rule the censure which a man often incurs whose actions are predicated on facts rather than on feelings are undeserved."

Read on Investors Syndicate

Oklahoma Commissioner Sets Forth His Understanding of Insurance Practices of Minnesota Concern

In a letter to Herbert Heiman, president Oklahoma City Insurers Exchange, Commissioner Read of Oklahoma set forth his position in respect to the insurance practices of the Investors Syndicate of Minneapolis.

Local agents in various parts of the country have voiced objection to the arrangement whereunder Investors Syndicate controls the placing of insurance on properties mortgaged to that institution.

Mr. Read in his latest letter to Mr. Heiman referred to a previous letter dated Oct. 13 in which he stated: "We wish to advise that the Investors Syndicate will accept policies from satisfactory companies if the borrower offers same before expiration date."

Awaits Interpretation

Mr. Read said he has been awaiting from the Investors Syndicate a statement of its interpretation as to what constitutes "satisfactory renewal policies."

Mr. Read said he wrote to Investors Syndicate saying among other things: "It is my interpretation of your letter that where borrowers offer satisfactory renewal policies and have same placed in your hands before expiration date, they will be accepted."

He has had no reply to that letter, Mr. Read said, and consequently he assumes

that the interpretation is that contained in the letter.

"In other words," Mr. Read said, "the syndicate will accept renewal policies offered by borrowers before expiration date of the old policies. If you hear of any practice to the contrary, I shall be pleased to have you report same to me."

Lay Plans to Organize Rural Agents in Oklahoma

OKLAHOMA CITY—At a statewide meeting here of the Oklahoma Association of Insurers, for the purpose of promoting organization of the rural agents of the state, it was decided to organize units in territorial divisions and place three or four counties in each, depending on their geographical situation and the volume of business they produce. An agent chairman is to be appointed for each group. The association has authorized the appointment of a conservation committee to cooperate with the highway safety council in preventing highway accidents. A large group of agents, consisting of from three to five outstanding men from each of 150 towns, not including Oklahoma City and Tulsa, will be appointed to create public sentiment and support for the five-point highway safety code.

The broadcast of the address by Bert E. Mitchner, Hutchinson, Kan., on consumers cooperatives, is reported to have been widely heard and well received and understood. It has received much praise, not only from insurance men but from retail merchants.

Regional Meetings in Texas Are Now Under Way

DALLAS—Regional meetings of the Texas Association of Insurance Agents got under way in November and will continue well into February. President J. R. Morris and Secretary D. G. Foreman are attending the meetings.

This year the association has invited Fire Commissioner Hall, Casualty Commissioner Waters and R. B. Cousins of the Texas Checking Office to attend the regional gatherings. These department heads are taking advantage of the opportunity to meet the men in the field and discuss problems with them.

The meetings have been held at Abilene, where Emmette Chandler presided; Odessa, with D. P. English presiding; Amarillo, with Henry Thompson in charge; Lubbock, S. S. Sloneker, chairman, and Wichita Falls. Other meetings will be held at Marshall, Dec. 8; Sherman, Dec. 15; Galveston, Jan. 11; McAllen, Jan. 12; Austin, Jan. 18; Waco, Feb. 6, and Brady, Feb. 9.

Fort Worth Agency Changes

The Sweet, Andrews & Shank agency, Fort Worth, Tex., has been dissolved and is succeeded by Andrews & Shank. A new agency, Sweet & Pendry, has been formed. Both agencies are in the Neil P. Anderson building.

San Antonio Activities

SAN ANTONIO, TEX.—The San Antonio Insurance Exchange held a spirited discussion of W. H. Bennett's interpretation of the new agency agreements, as shown in his published letter.

State Manager



OSCAR H. WEST

Oscar H. West, who becomes manager of the Virginia Association of Insurance Agents, giving his full time to the work, has been a local agent at Waverly, Va. He will make his state headquarters in Richmond. A number of state associations are now putting on full time managers.

Mr. West accompanied by President J. Davis Ewell, Richmond, went to Raleigh, N. C., to get pointers from Sherman Otstot, state manager of the North Carolina Association, as to how that association has been functioning under the manager plan. Much valuable information was obtained on the trip.

The committee which is working on the problem of mortgage-controlled business reported on developments to date. The exchange went on record as favoring the approval of the supplemental contract by the Texas insurance commission. Notice was given agents that the HOLC form No. 12 concerning foreclosed property had not been approved by the Texas department and that the form is being changed so that it may meet with the approval of the department.

North Carolina Mid-Year Meet

WILSON, N. C.—Thomas G. Redden of Greensboro, president of the North Carolina Association of Insurance Agents, presided over the mid-year meeting of the organization here. An informal discussion of tax problems was led by Commissioner Boney.

Easley to Houston

George M. Easley, former general agent in Dallas, and later representative and adjuster for the Cravens, Dargan & Co. branch in Dallas, has moved his headquarters to Houston and is now assistant manager in the Cravens, Dargan office. Mr. Easley has been with the Houston firm since the merger of his general agency with Cravens, Dargan & Co. five years ago.

Hearing on Railey's Complaints

NEW ORLEANS—A public hearing on demands for sweeping reductions of windstorm and fire insurance rates in New Orleans will be held by the Lou-

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isiana insurance commission Dec. 9. W. M. Railey asked that figures on windstorm coverage for dwellings be compiled by the commissioner for the past five years, to which the commission agreed.

Recently the companies offered to reduce windstorm premiums 20 percent and the insurance commission approved the offer. Mr. Railey contends that the rates should have been reduced 60 percent.

Tennessee B. D. Activities

Tennessee's Business Development program is actively under way. J. H. Goodin, Hartford Fire, and A. V. Patton, local agent, co-chairmen of Zone 3, held their first meeting at Selmer. A definite program was set up for a survey of non-stock risks and a follow-up system. The next meeting will be held at Jackson.

The Nashville Exchange is making a survey of non-stock insurers, under the leadership of H. R. Trickey, St. Paul Fire & Marine, and Mark Bradford, local agent, co-chairmen of Zone 4. M. J. Davis, Home of New York, and Phil McAfee, local agent, co-chairmen of Zone 8, are arranging for a meeting at Johnson City.

Louisiana Agents' Meetings

The Shreveport Insurance Exchange has invited the Louisiana Insurance Society to hold the annual regional meeting of its district there Dec. 10, at a dinner in the evening. There will be present A. P. White, chairman of the Louisiana Casualty & Surety Rating Commission, and W. S. Bizzell, manager Louisiana Rating & Fire Prevention Bureau. Another man to be selected will discuss the casualty and surety business from the sales angle and another inland marine insurance. It is expected that T. C. Grace of Baton Rouge, La., president, and R. L. McClelland, manager, will be present. At noon the day before there will be a regional meeting at Alexandria and the same program will be followed.

SOUTHERN NOTES

R. R. Carter, Jr., of the Cook & Griffith agency, South Pittsburg, Tenn., was married there to Miss Marian Woodfin.

A new local agency, Sanford & McCart, has been organized in Dallas, with offices in the Petroleum building.

Service Insurance Agency, Princeton, Ky., has been incorporated by W. C. Sparks, M. P. Eldred and G. O. Eldred.

The Nashville Association of Insurance Women will hold its annual dinner-dance Dec. 2.

J. W. Berryman, 92, local agent of Versailles, Ky., and prominent politically, died there.

Park City Mutual Insurance Agency, Bowling Green, Ky., has changed its name to Central Mutual Insurance Agency.

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PACIFIC COAST AND MOUNTAIN

Reduced Rates for Colorado

Agreement Is Reached Between the Mountain States Inspection Bureau and State Insurance Department

DENVER—Following a review of the five-year period on fire insurance experience, it is announced by Commissioner Cochrane that rates next year will be at the lowest level in the history of the state. A. T. Bailey of San Francisco, manager of the North British & Mercantile, is chairman of the managing committee of the Mountain States Inspection Bureau. The new schedule was submitted to Commissioner Cochrane and approved. The agreement stipulates that the companies shall reduce rates so as to cut their annual premium income by \$100,000 a year from rates put into effect five years ago.

Classes to Be Selected

Under the law the companies will be allowed to select the classes of properties which will receive the reduction. Part of the reduction, however, is represented by lower rates which were put into effect voluntarily a year ago on public buildings, buildings owned by religious and charitable organizations and certain types of mercantile structures. That amounted to about \$40,000 a year. Therefore, there will be an additional reduction of \$60,000 a year. W. J. Kulp, manager Mountain States Inspection Bureau, states that the voluntary reduction amounted to about 2 percent of the total premium income and the additional, he estimates, will be 3 percent, making a total reduction since 1932 of 5 percent. The reduction will bring the average premium rate to about 80 cents per \$100, as compared with an average rate of 83.2 cents in 1936; 88.7 cents in 1932; \$1.08 in 1927; \$1.15 in 1922.

"This department has been striving to get the fire insurance rates in Colorado down to the level of the lowest rates in effect in the United States," Mr. Cochrane said in making public the agreement. "Detail is not yet available but on the basis of information we have it appears that Colorado's rate now will be nearly as low as, if not equal to, the lowest rates in the country."

Under Colorado law, fire insurance rates are subject to revision every five years. According to a compilation made by Mr. Kulp, reductions in rates put into effect since 1922, either on Mr. Cochrane's order or under agreements between him and the companies, saved policyholders \$10,144,000 up to this year. Last year premiums amounted to \$3,308,430. Losses that year were approximately \$1,900,000.

Plan Christmas Party

Insurance Post 404 of the American Legion of San Francisco has announced plans for a Christmas luncheon and high-jinks Dec. 23. About 50 of the state's leading officials and business leaders have been invited as guests. About 400 are expected to attend.

Stage Educational Meetings

The Special Agents Association of the Pacific Northwest is staging an educational meeting for the Kitsap County Insurance Agents Association Dec. 7 at the Rainbow Inn near Bremerton, Wash. A dinner will precede the program. Speakers include Frank Emerick, Fireman's Fund, whose topic "Main Street" will deal with salesmanship; Robert Moloney, Groninger & Co., on the competition of the Farmers Automobile Insurance Exchange; W. H. Maloy, Great American-Phoenix of Hartford, and Lloyd B. Beattie, Franklin Fire, who will outline the work of the Business Development Office.

Broad Washington Program

President Briggs Reports on Developments of First Quarter at Meeting of Executive Committee

SEATTLE—The Insurance Agents League of Washington has finished the first quarter of its current fiscal year with one of the broadest programs of activities since the organization was founded well under way. President H. E. Briggs, Seattle, reporting at a dinner meeting of the executive committee here, reviewed the progress being made by the various committees. More than 30 leading agents from the various local boards participated in the evening session. Virtually all of the league officers, executive committeemen and local board presidents attended. Harry Paxton of Walla Walla, chairman of the executive committee, presided.

The league's new governing committee, headed by George R. Thieme, Seattle, was created at the Tacoma convention to have a more vigorous and smaller body of officials directly responsible for putting the expanded program into effect. The success of the plan has been evident the first quarter. Regular meetings of the governing body have enabled numerous activities to be started along many fronts.

Fire Prevention Drive

The first major activity was a statewide fire prevention campaign which exceeded by far anything of its kind ever attempted in the state. Stock company agents in 20 leading towns and cities arranged for club and radio speakers, newspaper advertising and publicity, school programs, fire drills, distribution of pamphlets numbering over 50,000, and the posting of attractive N.F.P.A. placards. Orrin Madison had charge of the campaign, which, a press clipping service disclosed, produced more publicity during one week than any program ever undertaken jointly by stock companies and their agents in the state.

The Business Development Office program is well under way and achieving splendid results. Meetings are being held Monday evenings at Seattle and regular study groups are in progress in Spokane. Study groups will begin meeting in other principal cities throughout the state after the first of the year.

Wayne C. Meek, regional vice-president, reported on the Dallas convention of the National Association of Insurance Agents, which he attended as the League's official delegate. Committee reports in addition to the report of the administration were given by George R. Thieme, governing; O. D. Starr, finance and contact; O. L. Madison, fire prevention; L. M. Arbon, membership. C. B. White, national councillor, discussed the league's participation in the first meeting of the Far West Agents Conference at Portland early in February.

Program Is Announced for Convention of Utah Agents

SALT LAKE CITY—The annual meeting of the Utah Fire & Casualty Insurers Association will be held at the Newhouse Hotel here Nov. 27, with President T. W. Muir, Salt Lake City, in charge. There will be but one business session this year instead of two. It will start promptly at 1 p. m.

The program includes an address by Commissioner Neslen, reports by Fred A. Moreton, Salt Lake City, national councillor; President Muir, the secretary-treasurer, chairmen of local associations, the auditing committee and the Utah committee; addresses on "Supplemental Contracts" by a member of the Field Club and on "Court Bonds" by Sidney C. Fuld, Fidelity & Deposit, and remarks by visitors, which will include a talk by H. F. Badger, secretary Pacific

Board, San Francisco. Officers will be elected.

There will be an open discussion on current insurance problems as a climax to the afternoon's business. Clarence Raybould of Ed. D. Smith & Sons, Salt Lake City, is chairman of the program committee. A banquet and dance will be held in the evening.

Party Leader Quits Insurance

SANTA FE, N. M.—John E. Miles, Democratic state chairman, taking cognizance of criticism of insurance connections of state officials, announced his "complete withdrawal from the insurance business, to allay any thoughts of unethical business practices."

Mr. Miles, who is also secretary of the state tax commission, said his action was prompted by the adoption of a resolution by the New Mexico Association of Insurance agents criticising state officials participating in the insurance business.

"Recognizing the fact that there is some meat in the resolution," he said, "I believe I owe it to myself and to the insurance agents of the state to clarify my position in this matter."

Blanket Club Birthday Party

The Seattle Blanket Club, young men's insurance organization, held its annual birthday party in the form of a stag dinner. New officers were installed. James Lockett, Washington Insurance Examining Bureau, is the new president; Russell McDonald of that bureau, vice-president; Carl Berkenmier, United Pacific, secretary; and Henry O. Price, Employers' group, treasurer. Russell McDonald was toastmaster. Over 40 attended.

Report Made on Great Falls

The National Board, in reporting on Great Falls, Mont., says that the water supply works contain several unreliable features. There are excellent quantities available at good pressures in the principal

mercantile district. Elsewhere quantities are mainly fair to good. The fire department is seriously undermanned, not well trained and only fairly well equipped. The fire alarm system is slow, inadequate and unreliable.

In the principal mercantile district, serious group fires may be expected, which in one case could readily involve at least a half block, but a general conflagration is considered unlikely. Fires in industrial districts should be confined to individual buildings or small groups of buildings.

Brokers Society Nominates

SAN FRANCISCO—James Laven-saler and Jack Okell have been nominated to succeed themselves as members of the arbitration committee of the Society of Insurance Brokers of San Francisco. They will be the only two officials to be balloted upon at the annual meeting, Dec. 14. All other officers and members of the governing board are elected at the semi-annual meetings in June on the "revolving" plan so that there are always experienced men on the two major governing bodies of the society. Fred Hohwiesner is executive chairman of the governing board.

Brokers Exchange Makes Plans

SAN FRANCISCO—The annual Christmas luncheon and show of the Insurance Brokers Exchange of San Francisco will be held Dec. 15. This year the affair will be held in the San Francisco Commercial Club's main dining room to accommodate about 700 expected to attend.

The invitation to 1,600 brokers located outside of the San Francisco territory to become affiliate members of the Insurance Brokers Exchange, published in the organization's house organ, "The Broker," has been supplemented by a letter signed by Stephen A. Malatesta, president. In this letter Mr. Malatesta says that "unity of action" by brokers throughout the country is "mandatory."

EASTERN STATES ACTIVITIES

Hartford Institute Lectures

B. L. Whorf, special agent of the Hartford Fire, will address the Hartford Insurance Institute Nov. 30 on "Common Fire Hazards." In a general way he will touch on the definition and nature of combustion, explosion, friendly and hostile fires and also make observations on the hazards incident to heating, lighting, power and housekeeping.

M. E. Hill, superintendent public utility department of the National Fire, addressed the institute Tuesday of this week on "The Risk—Building Construction." He dealt with the principal types of building construction and the various elements of importance in connection with them such as height, area, floor openings, external and internal exposures.

New Hampshire Women's Meeting

MANCHESTER, N. H.—At the first of a series of proposed educational meetings sponsored by the recently organized New Hampshire Insurance Women's League, R. G. Hinkley, New England manager of the American, spoke on "Salesmanship for the Office Woman." Over 60 women attended. President Helen T. Meehan announced that there will be a forum on liability lines in January.

Manchester Officers Named

MANCHESTER, N. H.—The Manchester Fire & Casualty Association's new officers will be installed at the annual meeting Jan. 11. They are: President, R. C. Keller; first vice-president, G. A. Putnam; second vice-president, Margaret S. Blodgett; third vice-president, F. B. Edgerly; secretary-treasurer, R. S. Perkins; members of executive committee, D. S. Lamoureux and T.

N. Lapointe. The constitution, as amended, now provides for several classes of membership—active, associate, honorary, and field men of companies licensed in New Hampshire.

Indorse Pittsburgh Plan

PITTSBURGH—Plans for increasing the membership and expanding the activities of the Fire Insurance Agents Association of Pittsburgh were enthusiastically indorsed by members at a dinner meeting. Directors were authorized to employ a suitable person for full time executive-manager. The selection is expected to be made this week, President H. P. Lichtenthaler announced.

Herkness Philadelphia Chairman

Benjamin L. Herkness was elected chairman of the executive committee of the Philadelphia Fire Underwriters Association following the annual meeting. T. M. Patterson is vice-chairman and

New Hampshire Chief Active in Civic Affairs

George Clark, Lisbon, N. H., new president of the New Hampshire Association of Insurance Agents, got his early training at Concord, N. H., with Paine, Webber & Co., investment brokers. He traveled New Hampshire and Vermont. For the past five years he has been manager of Merrill's Insurance Agency in Lisbon. He has been active in civic affairs and has served as town commissioner. Since he entered the business he has been active in the state association and served as vice-president last year.

J. S. Trump is secretary. New members elected to the executive committee are George V. Smith, Elmer Van Dusen and Richard Cross.

Will Meet at Poland Spring

The next annual mid-summer convention of the New England Associations of Insurance Agents will be held at Poland Spring, Me., the New England Advisory Board has decided. It will be held about the usual date, early in July.

Gunn Is Brockton Speaker

The Brockton (Mass.) Fire Underwriters Association heard a talk on fire prevention and a demonstration of "Visual Fire Hazards" by T. W. Gunn of the New Hampshire Board.

CANADIAN NEWS

Hope for Canadian Reform from Montreal Meet

TORONTO—Continuing the effort to improve underwriting conditions the Dominion Board of Underwriters will meet in Montreal Dec. 14. Member companies have been asked to submit suggestions as to how the desired reforms can best be effected, and when responses are received they will be tabulated and the agenda for the gathering prepared. In view of the importance of the gathering a full attendance is requested.

One of the chief points at issue is the latitude allowed Toronto agents both as to commissions and field of operations. While Toronto representatives are free to write business outside their home territory and get full commission, agents elsewhere are held strictly to their defined locations and at the lower prevailing commission.

Recently a session of American managers was held here with four representatives of the Canadian committee of the London Fire Office. Subsequently several gatherings took place here and in Montreal. However, not much progress was made towards reaching an agreement. Despite this discouraging fact, sponsors of the reform movement are hopeful something will result from the session at Montreal.

MARINE

Opportunities Seen in Marine

Automobile Holds Special Meeting in Kansas City—Donovan and Campbell Give Talks

KANSAS CITY—Agents cannot afford to neglect marine insurance, said J. R. Donovan, marine department agency superintendent of the Automobile of Hartford, at a meeting here of agents from western Missouri and Kansas. C. A. Bissett, branch manager Aetna Casualty, presided.

Comprehensive coverage was stressed by Mr. Donovan. While fire insurance is about holding its own in this area, he said, more and more risks are being written under marine forms. This was borne out by Mr. Bissett's statement that his branch is 60 per cent ahead on marine.

M. V. Campbell, manager western marine department, reviewed some of the marine coverages with which agents have been particularly successful. The armored car-messenger coverage fits in nicely with the bankers blanket bond coverage, thinks Mr. Campbell. In some instances where the blanket bond is not big enough, the armored car-messenger all risk policy can be made to fit in and give more adequate protection. Because of the wide popularity of photography, the camera floater line affords

the agent opportunity to secure other business.

Motor truck business is becoming more profitable, said Mr. Campbell. Whether it is due to improved personnel or new regulations of the ICC, or what not, the fact remains that for the first time, companies this year are making a profit on the line. So the Automobile

Marine Line Offers Many Opportunities for Sales

Ocean and inland marine business offers brokers and agents additional premiums on many risks which appear to be thoroughly covered, P. J. Leen, assistant manager Fireman's Fund western marine department, Chicago, told the 26 Club, organization of Chicago brokers, at the monthly meeting.

The producer, when he calls on a client, may wonder what additional protection he could or should write, but all the time he may be ignoring goods on a loading platform marked either for export or shipment across country. To ignore such business possibilities is to open the way for a competitor to worm his way into the line. Mr. Leen said the broker's reaction should be that if he does not carry the export policy then the shipments are going out uninsured, or are insured under the freight forwarder's policy, or another broker is looking after this end of the business.

Transportation Coverage

He pointed out domestic shipments by rail, express and motor truck can be insured under a transportation policy covering against practically all risks from point of shipment to point of consignment. Under bills of lading issued by transportation carriers they are excused from paying losses due to acts of God, such as lightning, cyclone, tornado, earthquake, flood, washed out bridges, etc., but these are paid under the transportation policy. Further, he said, unless higher values are declared and a premium of 10 cents per \$100 paid thereon, the Railway Express Company's liability is limited to \$50 per package. Most marine companies, he said, not only can improve coverage granted by the express company, but also improve the rate.

Parcel post shipments also provide a splendid opportunity for the producers, Mr. Leen said. He noted the point as to whether goods delivered locally by truck are covered in transit. Another opportunity is an installment floater covering not only outstanding balance of the sellers, but which may be extended to include the interest of purchaser until the account is paid in full.

Other Possibilities

A floater policy can be written to cover patterns sent by foundries, while in transit and on location anywhere in the United States excluding assured's premises. Goods sent out on trial or approval also may be insured. Another good source of premiums is on installation risks, from the moment property leaves the plant until it is completely installed and accepted by the purchaser.

A linen supply house may have complete fire and burglary protection for goods while on the premises, but the linens out in the hands of restaurants, office buildings, barber shops, etc., may be uninsured. This can be covered by a floater. Mr. Leen also cited the jeweler's block policy as complete protection for jewelers, the contractor's equipment floater which is peculiarly fitted to the needs of contractors whose equipment is frequently on the move, truck cargo insurance and various other covers.

The producer's biggest problem, Mr. Leen said, is not marine rates and policy conditions, but to know a marine line when he sees it. Marine premiums written last year, he said, were \$90,000,000, and it is estimated the 1937 total will be \$110,000,000.

bile is more receptive to such business, although it still is not stressing it.

Agents have been able to develop business on musical instrument cover by contacting schools, the American Legion. Mr. Campbell termed this a fertile field.

The loss ratio of all companies on personal property floaters is over 40 per cent and with long term writing it is likely to increase to over 50 per cent, said Mr. Campbell. He favors writing all personal property floater business on a deductible basis. Nuisance claims have been numerous. Mr. Campbell warned agents not to overemphasize the comprehensiveness of the policy, as it invites a lot of little claims which will necessitate an adjustment in rates.

Radium coverage renews well and offers an opportunity to alert agents. In some instances hospitals paid as much as \$120 per milligram for radium; it now can be had for \$30 a milligram. Consequently, some hospitals have their radium insured at the \$120 figure. Here is an opportunity for agents to secure a reduction in premium for hospitals and clinics.

Many persons have collections of stamps worth \$5,000 or more, so that the stamp collection coverage is worth while for agents, wherever they are located, to look into.

Fine arts can be covered under the personal property floater, but it might be better to exclude it from the latter because the fine arts policy rate is lower.

New Setup for 3 Year Fine Arts and Property Floaters

The base rate for the fire hazard in personal property floaters and fine arts policies when written for a three year term, shall hereafter be the rate for a three year specific fire policy that would apply under the rules of the fire rating organization that has jurisdiction. That decision has been reached by the I.M.U.A. directors.

Insofar as fine arts coverage is concerned, such credits may be permitted as are provided under the I.M.U.A. rules in cases where fire rates are only published without allowance for co-insurance.

The loadings and additional charges for a three-year policy will continue to be calculated on the basis of 2½ times the loading or additional charges applicable to a one-year policy.

The executive committee explains that the amendments were adopted so as to avoid charging higher basic rates for the risk of fire than would be charged for specific fire policies.

Effective Jan. 1, the committee decided it shall be optional for members to amend the exclusion in furrier's customer's custody riders to read as follows: "(a) Loss or damage occasioned by gradual deterioration, moths, vermin, inherent vice; or damage sustained due to any process while actually being worked upon and resulting therefrom unless caused by fire."

The committee adopted a form of endorsement for use on personal property floaters covering in Cook county, Ill., when written to exclude the risk of fire. An amendment was adopted to the present optional endorsement that is employed in connection with returned and incoming shipments on the open form of parcel post policies.

Takes Over East Tennessee

The Atlanta office of W. H. McGee & Co., well-known marine underwriters, takes over the servicing of agents in the eastern half of Tennessee. Robert W. Grier, assistant manager at Atlanta, will travel that section. Heretofore the entire state has been serviced by the Chicago branch. Besides the eastern half of Tennessee, the Atlanta office services agents in North Carolina, South Carolina, Georgia, Florida, Alabama and Mississippi. E. Dana Johnson is manager at Atlanta.

F. C. Petry has been appointed special representative for the Central Manufacturers Mutual at Toronto. He was with Massie & Renwick for a number of years.

MOTOR

A. M. A. Publishes Report

Production, Values, Taxes, Exports Listed for Automobile Industry in U. S. and Canada

According to a compilation by the Automobile Manufacturers Association, the production of passenger cars and motor trucks increased 12 per cent over 1936 for the year ending in September, 1937. Total car and truck factory sales in the United States and Canada during this period was 5,110,000 with 4,182,000 passenger cars and 928,000 motor trucks. The wholesale value of cars in United States and Canada was \$2,336,300,000 with the wholesale value of trucks \$340,200,000.

There were 29,000,000 motor vehicles registered in the United States with 24,600,000 motor cars and 4,400,000 motor trucks. The United States had 70 per cent of the worlds total automobile registrations which were 41,750,000. The total motor vehicle user taxes were \$1,565,000,000. The percentage of production (United States, exports and output in Canadian plants owned by United States firms) sold to foreign countries was 12 percent with a total of 620,000 vehicles. The value of motor vehicles, parts and tires exported from United States and Canada amounted to \$361,700,000.

Discern Sharp Practices

Some Auto Finance Concerns Reported to Be Making Questionable Profits from Insurance Deals

Automobile insurance men say that they detect an increase in questionable practices on the part of finance companies in the way of making an increased profit from the insurance transaction. There is considerable interest among those in the automobile insurance end of the business in the work of the sub-committee of the National Association of Insurance Commissioners that was appointed at the last meeting to investigate finance companies and their relation to insurance. McCormack of Tennessee is chairman of that committee.

The finance companies are finding difficulty in making the living to which they have been accustomed since the interest charges have been forced down under the leadership of the largest national financial institutions. They have sought compensation in other directions.

For instance, the practice is reported to be on the increase of failing to make an exact accounting in respect of the insurance cost with borrowers who start on an 18 month plan but liquidate the indebtedness within a year. In those circumstances, some of the finance companies readjust the financing charge but they do not pay the refund on the insurance. That is put into what is called a "reserve." The purchaser is charged at the inception for 18 months insurance, frequently at a higher rate than the finance company pays the insurance company. Some times the finance company issues to the borrower an insurance certificate for 18 months. Some times the certificate is issued for only 12 months, anticipating the issuance of another certificate for the extended term.

The insurance companies say that they are having increased trouble with the finance companies in respect of the classification of cars. Some of the finance institutions misclassify automobiles, getting them into a lower rate category. The borrower is charged a premium based on the proper classification of his car but the remittance to the insurance company is based upon a misclassification.

Some finance companies are reported to be issuing comprehensive contracts to

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INSURANCE ATTORNEYS

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the borrower, but purchasing from the insurance company merely fire, theft and collision. The experience on the subsidiary coverages has been highly profitable so far and the finance companies are taking the chance of carrying the risk themselves.

Casualty Actuaries Discuss Securities and Compensation

(CONTINUED FROM PAGE 31)

lines must be corrected, as they have advanced too far, while inventories recently regarded as sufficient for three months are now six-month inventories as sales have disappeared. There is something in the nature of a purchasing agent's strike going on, he said, and the labor situation pyramids the speed with which the situation becomes acute.

No Self-Levitation

The severity of the recent stock market decline is to be interpreted as a favorable sign, he said, as it indicates that there has been no attempt as in 1929, on the part of investors to try to hold themselves up by their own boot straps. He said that at present it is impossible to say if the current situation is the start of a long depression like that of 1932 or whether it is just a healthy recession from five years of increasing business. The only trouble with the more optimistic of these views, he said, is that it is too widely held.

"Whenever the majority of informed economic opinion is lined up solidly on one side, we get nervous," he said.

Mr. Stires suggested that casualty companies go over their investments and appraise the "equity risks," that is, what percentage of holdings are stocks or bonds which really should be classed with stock. He suggested four classifications for grouping investments in order of their resistance to cyclical depressions: (1) consumers commodity, such as those sold at the 5-and-10-cent stores; (2) consumers capital goods, such as automobiles; (3) heavy industry—industry buying from industry; (4) commodities of the "extractive" type, such as those taken out of the ground.

Ideas Advanced Informally

Following are some of the ideas advanced by members in the informal discussion; that rising prices may cause benefit payments to be increased by law faster than companies are permitted to increase rates; rising medical costs may require liquidating certain reserves at a dollar cost higher than contemplated; inflation concepts may boost the public's claim ideas and may cause payment of adequate salaries to employees to be a problem; common stocks may not be so good an inflation hedge as has generally been thought.

Possibility that casualty companies might turn to real estate mortgages because of a lack of high grade bonds and stocks received considerable discussion. It was the general agreement that in order to operate a mortgage department profitably it would have to go in for mortgages on a considerable scale in order to keep the overhead within reason. It was pointed out that there is usually about a 1 percent differential between good mortgages and good bonds and that an efficiently run mortgage department can be operated for 1/2 of 1 percent.

Professor Blanchard Speaks

Prof. R. H. Blanchard of Columbia university said that insurance companies should not get away from their prime purpose of making an underwriting profit. He said the companies should get away from the old methods of competition in rates and should not regard themselves as investment trusts.

In their paper on distribution of casualty administration expenses by line of insurance, T. F. Tarbell, actuary casualty actuarial department Travelers, and H. V. Waite, statistician Travelers, of-

fered suggestions for a more equitable system of distributing administration expenses. Conceding that expense allocation to line is not and never will become an exact science, they expressed the hope that their paper will promote interesting and valuable discussion and encourage further efforts, particularly along the lines of such more advanced features of expense distribution as expense by size of risk and by state.

W. R. Williamson, actuarial consultant to the social security board, presented a paper dealing with social budgeting. Pointing out the aggregate weight of certain contingencies, principally death, invalidity, old age, temporary disability, and unemployment, Mr. Williamson suggested that the co-operative spread of insurance methods may have more applicability than the individual provision through personal savings or banking. He noted, however, that the limitation of insurance methods include its aiming at typical and not individual situations, its common use of the limiting factor coinsurance, the necessity of avoiding the negative effects of selection, the existence of a gambling element, and the belief that a sufficiently wide statistical base exists to bring fairly predictable results.

Insurance is claim-minded, aiming at paying the bills which are presented when earned income is lacking. Social budgeting requires steady, statistical analysis and more use of the term insurance mechanism, he said.

Improving Manual Rates

A. G. Smith, assistant general manager and actuary New York Compensation Rating Board, presented a paper in which he suggested a basis for making manual rates reflect local experience more accurately and more promptly.

S. Bruce Black, president Liberty Mutual, submitted a prepared discussion of some aspects of retrospective and supplementary rating plans and the general idea of "cost-plus" insurance.

All officers were reelected with the exception of William Breiby, who resigned as librarian because of going to live in California, where he is a vice-president of the Pacific Mutual Life. T. O. Carlson, assistant actuary, National Bureau of Casualty and Surety Underwriters, succeeds him. Officers reelected are president, L. S. Senior, general manager New York Compensation Rating Board; vice-presidents, S. D. Pinney, associate actuary, casualty actuarial department, Travelers; and F. S. Perryman, secretary, Royal Indemnity and Eagle Indemnity; secretary-treasurer, Richard Fondiller of the consulting actuarial firm of Woodward & Fondiller; editor, C. W. Hobbs, special representative of the National Association of Insurance Commissioners, National Council on Compensation Insurance.

New Council Members Elected

New members of the council elected for three years are, H. T. Barber, assistant actuary casualty actuarial department Travelers; G. F. Michelbacher, vice-president and secretary Great American Indemnity; and N. E. Master-ton, vice-president and actuary Hardware Mutual Casualty. By a vote of thanks, the society expressed its appreciation for Mr. Breiby's 12 years of service as librarian.

During the past year the society experienced the largest number of deaths that it has ever had in any one year, seven members having died. Those who died were William Bromsmith, vice-president and general counsel Travelers; George Graham, executive vice-president Manhattan Life; C. E. Hodges, chairman American Mutual Liability; Henry Moir, chairman finance committee United States Life; S. L. Otis, manager Otis Service; W. G. Voogt, treasurer Associated Indemnity; J. J. Watson, vice-president and general manager Casualty Underwriters of Dallas.

Mr. Senior gave his presidential address at the opening of the first day's session.

A mathematical paper on experience rating plan credibilities was presented

by F. S. Perryman, secretary Royal Indemnity and Eagle Indemnity.

Workmen's Compensation and Its Main Problems

(CONTINUED FROM PAGE 31)

of accrued liability. In New York the legislature was prevailed upon to enact an amendment limiting benefits by a system of graduation depending on the age of the act. Benefits begin with \$500 in the first month of the law, stepping up at the rate of \$50 each month until the maximum of \$3,000 is reached. Mr. Senior declared that the treatment of premiums collected to reflect the accrued liability is a matter that deserves most earnest consideration. It would seem desirable, he stated, to establish a method whereby such premiums in excess of the loss ratio shall be earmarked and held in reserve for future contingencies.

The influence of politics in workmen's compensation, Mr. Senior averred, is undeniable. Labor and industry have been organized for a number of years in order to protect their respective economic interests. The medical profession is the latest recruit in the field of politics. Mr. Senior contends that if taxes and the cost of living continue to rise as they do, and if wages do not follow the rise, as they never can, there is danger that the powers of government will be vested in the hands of a coterie of demagogues motivated by the "cohesive power of public plunder."

ROSE CHALLENGES SENIOR

R. N. Rose, president of the Excess, the casualty reinsurer, has issued a statement taking issue with Mr. Senior's condemnation of the sale of the type of insurance to those who are under the retrospective rating plan, guaranteeing them against payment of a penalty on account of bad experience. Mr. Rose states that Mr. Senior was undoubtedly referring to the Excess, because that was the first American company to offer such a type of cover.

"Mr. Senior has seen fit to use a very erroneous characterization (the fact is that only a portion of possible excess charges is the subject of indemnity)," Mr. Rose states. "If Mr. Senior's premise is correct it would seem logical to assume that any type of workmen's compensation insurance must be bad. Mr. Senior argues that safety work is definitely promoted if the employer stands to suffer pecuniary loss. If that be true why not let the employer self insure and thereby put safety work on a full time basis?"

Claude Bowden, inspector for Underwriters Laboratories, addressed 1,000 supervisory employees of Milwaukee industrial and commercial concerns at the annual fire prevention school of the Milwaukee association of commerce.

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Sides with DeCelles Against Frank Cohen

(CONTINUED FROM PAGE 33)

pany for a license and even imposed requirements not demanded by the law. One of the additional requirements made by DeCelles, he said, was the assignment of \$25,000 in government securities as collateral security and a guaranty that the two checks totalling \$22,000 held by the commissioner were good.

Rush on Final Day

"It is true," says Coddaira, "that the assignment only included one of these checks, although it was intended that the assignment cover both checks. This was the result of the rush in the fulfilling of the requirements late on the final day of the year at a time when the offices of the company were being stormed

by signers of subscriptions clamoring for their policies."

Coddaira contends that the business methods of Commonwealth were so complex and involved, its interlocking directorates between the company, its agency and its finance company so confusing, that it required most unusual efforts to find out what was happening within the company.

"In fact," says the minority report, "even after nearly 12 weeks of examinations by Miss O'Leary, chief examiner, and her corps of assistants, it was impossible to uncover all of the manipulations which had been carried on."

Coddaira quotes from the reports of Miss O'Leary to show that the company was not properly managed and that many of the requirements were disregarded. He points out that the evidence shows that accurate books of account and records had not been kept and that there was no complete record of receipts and expenditures; that there was no record at all of large disbursements pur-

ported to have been paid for subscriptions prior to Dec. 31, 1933, when the company started doing business, and that neither the company nor its agency had a complete list of all the policies issued or of outstanding claims.

To offset such reliable testimony, the minority report says, was the testimony of Frank Cohen of New York, the financial backer of the company. Coddaira contends the background of Cohen should be considered in weighing the evidence, and he proceeds in his report to criticize Cohen as a man who is regarded in New York insurance circles, he says, as "an opportunist in the insurance field, one who operates on a large scale, but on thin equities."

Wants Higher Mutual Surplus

Representative Coddaira sets forth in his report recommendations for legislation to improve the situation. He proposes the law clearly define "residents of the commonwealth," referred to frequently in the statutes, in order to prevent persons coming here as temporary residents for the purpose of doing business, and suggests that the term should be defined to mean persons who have actually resided in the state for not less than six months.

Another recommendation calls for a more thorough investigation by the commissioner of subscriptions for policies obtained prior to the issuance of final license.

Mutual companies would be required to increase their surplus according to their premium income under another recommendation.

A penalty of \$50 fine for any insurance adjuster who attempts to force unfair settlements of claims is also recommended.

Greater discretion for the commissioner in the granting of licenses to engage in the business, publication of the names of incorporators, a statement under oath as to organization expenses by the officers and incorporators of a company, divorce of mutual companies from any connection with finance companies, and complete revision of the insurance laws, are recommended.

Much Interest in Lloyds Issue in the Illinois Code

(CONTINUED FROM PAGE 31)

Lloyds' contention is upheld it would seem that regardless of the restrictions placed on each individual underwriter, the sum would be regarded as one that can be shifted from one to the other.

It is not likely that the Illinois department will reach a decision for some days. The department has countered the proposition made by Lloyds and its representatives are in communication with London to see how far the powers are willing to go.

Another report is that Governor Horner, in a call he may issue for a special session of the legislature to pass on pressing matters, may include legislation to modify the Lloyds provisions in the

Illinois code. There evidently is much pressure being brought to bear by Lloyds interests, bankers and others particularly concerned, for some modification.

Those looking at the Lloyds' situation impartially realize that there is a market for Lloyds coverage in the way of unusual classes of insurance, excess coverage, etc. Even surety companies do not begrudge the large holdings of blanket bonds that London Lloyds has with big banks of Chicago. However, the fear with regard to London Lloyds centers on their direct operations with non-bank fidelity bonds and direct writing in competition with regular companies. Undoubtedly any modification proposed, either by legislation or by ruling, will be scrutinized very carefully by the regular companies.

WILL SAIL FOR LONDON

NEW YORK—A. J. Boxford and E. R. Pulbrook, representing the London Lloyds committee, after conferring with Insurance Director Palmer of Illinois came here and will sail for home this week. They feel that they have gone as far as they can. According to those who have been in conversation with the Lloyds people, it is expected that they will be able to reach some conclusion that will be announced here between Dec. 10 and Dec. 15. They will have a further conference with associates on the other side before final decision is given as to what London Lloyds will do in Illinois.

Post Office Department to Cooperate with Hunt

HARRISBURG, PA.—Full cooperation has been pledged by postal authorities to the insurance department in its campaign to wipe out fraudulent insurance, Commissioner Hunt announces.

Many of the fake concerns use the mails in order to solicit prospects, Mr. Hunt stated. These companies are not licensed to do business in Pennsylvania. Their literature comes from various places scattered throughout the country and outside of the jurisdiction of the state government. In such cases the state is usually unable to take action unless the promoters or their agents are caught in Pennsylvania.

A conference with postal authorities, resulting from a request for aid made by Mr. Hunt to Postmaster General Farley, brought about plans to reach the promoters in their various headquarters.



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United States Branch

Statement December 31, 1936

ASSETS

| | |
|------------------------------------|-----------------------|
| U. S. Treasury Bonds | \$1,618,037.96 |
| Other Bonds | 1,126,384.52 |
| Stocks | 144,581.00 |
| Accrued Interest | 23,718.47 |
| Cash in Office and Banks | 124,993.03 |
| | <u>\$3,037,714.98</u> |

LIABILITIES

| | |
|---|-----------------------|
| Voluntary Contingency Reserve | \$ 537,714.98 |
| Statutory Deposit, New York | 850,000.00 |
| Net Surplus above Deposit | <u>1,650,000.00</u> |
| Surplus to Policy Holders | <u>2,500,000.00</u> |
| | <u>\$3,037,714.98</u> |

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